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Ministerial Changes

Further ministerial appointments in the new Government have been announced.

The new Cabinet appointments were made in June – see pp 183–4. The full list of new appointments, with previous ministerial posts in brackets, is as follows:

Solicitor General (Law Officers' Department)
Mr Patrick Mayhew, QC, MP (former Minister of State, Home Office)

Minister of State (Minister for the Arts), Privy Council Office
The Earl of Gowrie (former Minister of State, Northern Ireland Office)

Minister of State, Foreign and Commonwealth Office
Rt Hon The Baroness Young (former Lord Privy Seal and Leader of the House of Lords)

Minister of State, Foreign and Commonwealth Office
Mr Malcolm Rifkind, MP (former Parliamentary Under-Secretary of State, Foreign and Commonwealth Office)

Minister of State, Foreign and Commonwealth Office
Mr Richard Luce, MP

Minister of State, Home Office
Rt Hon Douglas Hurd, CBE, MP (former Minister of State, Foreign and Commonwealth Office)

Minister of State (Economic Secretary), the Treasury
Mr John Moore, MP (former Parliamentary Under-Secretary of State, Department of Energy)

Parliamentary Secretary to the Treasury (Government Chief Whip)
Rt Hon John Wakeham, MP (former Minister of State, the Treasury)

Minister of State, Northern Ireland Office
The Earl of Mansfield (former Minister of State, Scottish Office)

Minister of State, Department of Energy
Rt Hon Alick Buchanan-Smith, MP (former Minister of State, Ministry of Agriculture, Fisheries and Food)

Minister of State for the Armed Forces, Ministry of Defence
Mr John Stanley, MP (former Minister of State, Department of the Environment)

Minister of State, Scottish Office
Rt Hon Hamish Gray (former Minister of State, Department of Energy)

Minister of State (Minister for Housing and Construction), Department of the Environment
Mr Ian Gow, TD, MP

Minister of State (Minister for Social Security), Department of Health and Social Security
Dr Rhodes Boyson, MP (former Parliamentary Under-Secretary of State, Department of Education and Science)

Minister of State, Department of Employment
Hon Peter Morrison, MP (former Parliamentary Under-Secretary of State, Department of Employment)

Minister of State (Minister for Trade), Department of Trade and Industry
Rt Hon Paul Channon, MP (former Minister of State, Department of Education and Science)

Minister of State, Ministry of Agriculture, Fisheries and Food
Rt Hon The Lord Belstead (former Minister of State, Foreign and Commonwealth Office)

Minister of State, Ministry of Agriculture, Fisheries and Food
Mr John MacGregor, OBE, MP (former Parliamentary Under-Secretary of State, Department of Industry)

Parliamentary Under-Secretary of State, Foreign and Commonwealth Office
Mr Raymond Whitney, OBE, MP

Parliamentary Under-Secretary of State, Department of Education and Science
Hon Peter Brooke, MP (former Lord Commissioner of the Treasury – a Government Whip)

Parliamentary Under-Secretary of State, Department of Education and Science
Mr Robert Dunn, MP

Parliamentary Under-Secretary of State, Northern Ireland Office
Mr Christopher Patten, MP

Parliamentary Under-Secretary of State, Department of Energy
Mr Giles Shaw, MP (former Parliamentary Under-Secretary of State, Department of the Environment)

Parliamentary Under-Secretary of State (Armed Forces), Ministry of Defence
The Lord Trefgarne (former Parliamentary Under-Secretary of State, Department of Health and Social Security)

Parliamentary Under-Secretary of State, Scottish Office
Mr Michael Ancram, MP

Parliamentary Under-Secretary of State, Department of the Environment
Hon William Waldegrave, MP (former Parliamentary Under-Secretary of State, Department of Education and Science)

Parliamentary Under-Secretary of State, Department of Health and Social Security
The Lord Glenarthur (former Lord in Waiting – a Government Whip)

Parliamentary Under-Secretary of State, Department of Health and Social Security
Mr John Patten, MP (former Parliamentary Under-Secretary of State, Northern Ireland Office)

Parliamentary Under-Secretary of State, Department of Employment
Hon Alan Clark, MP

Parliamentary Under-Secretary of State (Corporate and Consumer Affairs), Department of Trade and Industry
Mr Alexander Fletcher, MP (former Parliamentary Under-Secretary of State, Scottish Office)

Parliamentary Under-Secretary of State, Department of Trade and Industry
Mr David Trippier, MP

Parliamentary Under-Secretary of State, Department of Transport
Mr David Mitchell, MP (former Parliamentary Under-Secretary of State, Northern Ireland Office)

Treasurer of Her Majesty's Household (Deputy Chief Whip in the House of Commons)
Mr John Cope, MP (former Lord Commissioner of the Treasury – Government Whip)

Lord Commissioner of the Treasury (Government Whip in the House of Commons)
Mr Ian Lang, MP (former Assistant Whip)

Lord Commissioner of the Treasury (Government Whip in the House of Commons)
Mr Tristan Garel-Jones, MP (former Assistant Whip)

Baroness in Waiting (Government Whip in the House of Lords)
The Baroness Trumpington

Assistant Whip in the House of Commons
Mr Michael Neubert, MP

Assistant Whip in the House of Commons
Hon Timothy Sainsbury, MP

Resignations

The following ministers have tendered their resignations; their former posts are given in brackets:

Rt Hon Sir Ian Percival, QC, MP
(Solicitor General)

Mr Cranley Onslow, MP
(Minister of State, Foreign and Commonwealth Office)

Mr Jock Bruce-Gardyne, MP
(Economic Secretary, Treasury)

Mr William Shelton, MP
(Parliamentary Under-Secretary of State, Department of Education and Science)

Rt Hon Peter Blaker, MP[1]
(Minister of State for the Armed Forces, Ministry of Defence)

Mr Jerry Wiggin, TD, MP
(Parliamentary Under-Secretary of State (Armed Forces), Ministry of Defence)

Mr Hugh Rossi, MP
(Minister for Social Security, Department of Health and Social Security)

Mr Geoffrey Finsberg, MBE, MP
(Parliamentary Under-Secretary of State, Department of Health and Social Security)

Dr Gerard Vaughan, MP
(Minister for Consumer Affairs, Department of Trade)

Rt Hon Michael Alison, MP
(Minister of State, Department of Employment)

Mr Iain Sproat, MP
(Parliamentary Under-Secretary of State, Department of Trade)

Mr Reginald Eyre, MP
(Parliamentary Under-Secretary of State, Department of Transport)

Rt Hon The Earl Ferrers
(Minister of State, Ministry of Agriculture, Fisheries and Food)

Hon Anthony Berry, MP
(Treasurer of Her Majesty's Household – Deputy Chief Whip)

Departmental Responsibilities

The Earl of Gowrie will become Minister for the Arts, responsible for the Office of Arts and Libraries (formerly part of the Department of Education and Science) which will now be attached to the Privy Council. Lord Gowrie will also be responsible for the day-to-day functions relating to the Civil Service undertaken by the Management and Personnel Office, which will now become part of the Cabinet Office.

Mr Patrick Mayhew received a knighthood on his appointment as Solicitor General: Mr Hamish Gray has received a life peerage; and Mr Peter

[1]Mr Blaker was appointed to the Privy Council in June.

Rees and Mr John Wakeham have been appointed to the Privy Council.

LIST OF MINISTERS

The full list of government ministers is as follows:

Ministry of Agriculture, Fisheries and Food
Minister
Rt Hon Michael Jopling, MP
Ministers of State
Rt Hon The Lord Belstead
Mr John MacGregor, OBE, MP
Parliamentary Secretary
Mrs Peggy Fenner, MP

Office of Arts and Libraries (attached to the Privy Council Office)
Minister of State (Minister for the Arts)
The Earl of Gowrie

Ministry of Defence
Secretary of State
Rt Hon Michael Heseltine, MP
Minister of State for the Armed Forces
Mr John Stanley MP
Minister of State for Defence Procurement
Mr Geoffrey Pattie, MP
Parliamentary Under-Secretaries of State
The Lord Trefgarne (Armed Forces)
Mr Ian Stewart, RD, MP (Defence Procurement)

Duchy of Lancaster
Chancellor
Rt Hon The Lord Cockfield

Department of Education and Science
Secretary of State
Rt Hon Sir Keith Joseph, Bt, MP
Parliamentary Under-Secretaries of State
Hon Peter Brooke, MP
Mr Robert Dunn, MP

Department of Employment
Secretary of State
Rt Hon Norman Tebbitt, MP
Minister of State
Hon Peter Morrison, MP
Parliamentary Under-Secretaries of State
Hon Alan Clark, MP
Mr John Selwyn Gummer, MP

Department of Energy
Secretary of State
Rt Hon Peter Walker, MBE, MP
Minister of State
Rt Hon Alick Buchanan-Smith, MP
Parliamentary Under-Secretaries of State
The Earl of Avon, OBE, TD
Mr Giles Shaw, MP

Department of the Environment
Secretary of State
Rt Hon Patrick Jenkin, MP
Minister of State (Minister for Housing and Construction)
Mr Ian Gow, TD, MP
Minister of State (Minister for Local Government)
The Lord Bellwin
Parliamentary Under-Secretaries of State
Hon William Waldegrave, MP
Sir George Young, Bt, MP
Mr Neil MacFarlane, MP (Sport)

Foreign and Commonwealth Office
Secretary of State for Foreign and Commonwealth Affairs and Minister of Overseas Development
Rt Hon Sir Geoffrey Howe, QC, MP
Ministers of State
Mr Richard Luce, MP
Mr Malcolm Rifkind, MP
Rt Hon The Baroness Young
Minister of State (Minister for Overseas Development)
Rt Hon Timothy Raison, MP
Parliamentary Under-Secretary of State
Mr Raymond Whitney, OBE, MP

Department of Health and Social Security
Secretary of State for Social Services
Rt Hon Norman Fowler, MP
Minister of State (Minister for Health)
Mr Kenneth Clarke, QC, MP
Minister of State (Minister for Social Security)
Dr Rhodes Boyson, MP
Parliamentary Under-Secretaries of State
The Lord Glenarthur
Mr Antony Newton, OBE, MP (Minister for the Disabled)
Mr John Patten, MP

Home Office
Secretary of State
Rt Hon Leon Brittan, QC, MP
Ministers of State
Rt Hon Douglas Hurd, CBE, MP
Mr David Waddington, QC, MP
Parliamentary Under-Secretaries of State
The Lord Elton, TD
Mr David Mellor, MP

Law Officers' Department
Attorney General
Rt Hon Sir Michael Havers, QC, MP
Solicitor General
Sir Patrick Mayhew, QC, MP

Lord Advocate's Department
Lord Advocate
Rt Hon The Lord Mackay of Clashfern, QC
Solicitor General for Scotland
Mr Peter Fraser, QC, MP

Lord Chancellor's Office
Lord Chancellor
Rt Hon the Lord Hailsham of Saint Marylebone, CH, FRS

Management and Personnel Office (part of the Cabinet Office)
Minister for the Civil Service
Rt Hon Margaret Thatcher, MP

Minister of State (responsible for the day-to-day administration of the Civil Service)
The Earl of Gowrie

Northern Ireland Office
Secretary of State
Rt Hon James Prior, MP

Ministers of State
Hon Adam Butler, MP
The Earl of Mansfield

Parliamentary Under-Secretaries of State
Mr Christopher Patten, MP
Mr Nicholas Scott, MBE, MP

Privy Council Office
Lord President of the Council and Leader of the House of Lords
Rt Hon The Viscount Whitelaw, CH, MC

Lord Privy Seal and Leader of the House of Commons
Rt Hon John Biffen, MP

Minister of State (Minister for the Arts)
The Earl of Gowrie

Scottish Office
Secretary of State
Rt Hon George Younger, TD, MP

Minister of State
Rt Hon Lord Gray

Parliamentary Under-Secretaries of State
Mr Michael Ancram, MP
Mr John MacKay, MP
Mr Allan Stewart, MP

Department of Trade and Industry
Secretary of State
Rt Hon Cecil Parkinson, MP

Minister of State (Minister of State for Industry)
Mr Norman Lamont, MP

Minister of State (Minister of State for Industry and Information Technology)
Mr Kenneth Baker, MP

Minister for Trade
Rt Hon Paul Channon, MP

Parliamentary Under-Secretaries of State
Mr John Butcher, MP
Mr Alexander Fletcher, MP (Corporate and Consumer Affairs)
Mr David Trippier, MP

Department of Transport
Secretary of State
Rt Hon Tom King, MP

Parliamentary Under-Secretaries of State
Mrs Lynda Chalker, MP
Mr David Mitchell, MP

Treasury
First Lord
Rt Hon Margaret Thatcher, MP

Chancellor of the Exchequer
Rt Hon Nigel Lawson, MP

Chief Secretary
Rt Hon Peter Rees, QC, MP

Financial Secretary
Rt Hon Nicholas Ridley, MP

Economic Secretary
Mr John Moore, MP

Minister of State
Mr Barney Hayhoe, MP

Parliamentary Secretary (Government Chief Whip)
Rt Hon John Wakeham, MP

Welsh Office
Secretary of State
Rt Hon Nicholas Edwards, MP

Minister of State
Mr John Stradling Thomas, MP

Parliamentary Under-Secretary of State
Mr Wyn Roberts, MP

OFFICERS OF THE QUEEN'S HOUSEHOLD AND GOVERNMENT WHIPS

House of Commons
Parliamentary Secretary to the Treasury (Government Chief Whip)
Rt Hon John Wakeham, MP

Treasurer of the Household (Deputy Chief Whip)
Mr John Cope, MP

Comptroller of the Household
Mr Carol Mather, MC, MP

Vice-Chamberlain of the Household
Hon Robert Boscawen, MC, MP

Lords Commissioners of the Treasury
Mr Alastair Goodlad, MP
Mr Donald Thompson, MP
Mr David Hunt, MBE, MP
Mr Ian Lang, MP
Mr Tristan Garel-Jones, MP

Assistant Whips
Hon Archibald Hamilton, MP
Mr John Major, MP
Hon Douglas Hogg, MP
Mr Michael Neubert, MP
Hon Timothy Sainsbury, MP

House of Lords
Captain of the Gentlemen-at-Arms (Chief Whip)
Rt Hon The Lord Denham

Captain of the Yeomen of the Guard (Deputy Chief Whip)
The Earl of Swinton, JP, DL

Lords in Waiting
The Viscount Long
The Lord Lyell
The Lord Skelmersdale
The Lord Lucas of Chilworth

Baroness in Waiting
The Baroness Trumpington

Opening of Parliament

The first session of the forty-ninth Parliament of the United Kingdom was officially opened on 22 June. The Queen's speech, outlining the Government's policies for the coming session, was delivered in the House of Lords to members of both Houses.[1]

The text of the speech is as follows:

My Lords and Members of the House of Commons,

I look forward with great pleasure to receiving the President of Sri Lanka on a State Visit in October and to paying visits to Kenya, Bangladesh and India in November. I also look forward to being present on the occasion of the Commonwealth Heads of Government Meeting in New Delhi in November.

My Government are determined to sustain Britain's contribution to Western defence. They will play an active and constructive part in the North Atlantic Alliance. They will modernise the existing independent nuclear deterrent with the Trident programme and will maintain adequate conventional forces.

My Government, in co-operation with the United Kingdom's allies, will work vigorously for balanced and verifiable measures of arms control. They strongly support the United States' proposals for reductions in nuclear forces. They stand by the NATO decision to counter existing Soviet systems and to begin the deployment of cruise and Pershing II missiles by the end of 1983. The numbers finally deployed will depend upon the outcome of the Geneva talks.

My Government will work constructively for the development of the European Community. They will continue to seek a lasting solution to the budget problem. They will support negotiations for the accession of Spain and Portugal to the Community.

My Government will continue fully to discharge their obligations to the people of the Falkland Islands. They reaffirm their commitment to the people of Gibraltar. They will continue talks with China on the future of Hong Kong, with the aim of reaching a solution acceptable to this Parliament, to China and to the people of Hong Kong.

My Government will continue their full support for the Commonwealth. They will play an active and constructive role at the United Nations. They will promote increased co-operation and trade with developing nations. They will maintain a substantial aid programme directed especially at the poorer countries and will encourage the flow of British private investment.

My Government will work in close co-operation with governments of other countries and with international institutions to promote international recovery on a non-inflationary basis. They will urge the need to preserve and strengthen an open world trading system. . . .

Estimates for the public service will be laid before you. . . .

My Government will pursue policies designed to increase economic prosperity and to reduce unemployment. They will seek a further reduction in inflation. They will continue to maintain firm control of public expenditure and a responsible financial strategy based upon sound money and lower public borrowing.

My Government will promote growth in output and opportunities for employment by encouraging industry to be adaptable and efficient, and to compete successfully. Continued attention will be paid to the development and application of new technology. The improvement in training will be sustained. The special employment measures will continue to assist those out of work.

A Bill will be introduced to give trade union members greater control over their unions.

Legislation will be introduced to prepare for the introduction of private finance into nationalised industries, including British Telecommunications, and the Royal Ordnance Factories. Provision will be made for the regulation of telecommunications and the reform of the Telegraph Acts.

Legislation will be introduced to reform the organisation of public transport in London.

Legislation will be brought forward shortly to restore the major tax reductions proposed in the 1983 Budget but not yet enacted.

My Government will encourage the further development of United Kingdom oil and gas resources, and introduce legislation to abolish royalties in new fields. The disposal of the British Gas Corporation's oil assets will be completed.

My Government will pursue policies which sustain our agricultural, food and fishing industries. Legislation will be introduced to make more farming tenancies available in England and Wales.

Legislation will be brought forward to provide a selective scheme to curb excessive rate increases by individual local authorities, and to provide a general power, to be used if necessary, for the limitation of rate increases for all authorities. Measures to improve the rating system will also be laid before you.

Proposals will be prepared for the abolition of the Greater London Council and the Metropolitan County Councils.

Legislation will be introduced to extend the right of certain public sector and other tenants to buy their homes, and to reform the system of building control in England and Wales.

My Government will remain steadfast in their support for the services which maintain law and order. A Bill will be introduced to replace the existing law on the prevention of terrorism. For England and Wales, legislation will be brought forward to modernise the law on police powers and to amend the law of criminal evidence and on police complaints procedures. Proposals will be prepared for the establishment of an independent prosecution service.

Measures will be brought forward to protect personal information held on computers, and to establish a cable authority and provide a framework for the development of cable systems.

A Bill will be introduced to improve family law and its administration in England and Wales.

[1] *Hansard* (HL), Vol 443, No 3, cols 5-7.

Further action will be taken to ensure that patients receive the best value for the money spent on the National Health Service.

My Government will pursue policies for improving standards of education and widening parental choice and influence in relation to schools. Legislation will be introduced to enable grants to be paid to local education authorities in England and Wales for innovations and improvements in the curriculum.

Measures relating to Scotland will include reforms to the rating system and the reform of the law relating to roads.

In Northern Ireland, my Government will continue to give the highest priority to upholding law and order. Through the Northern Ireland Assembly, the people of Northern Ireland will continue to be offered a framework for participation in local democracy and political progress on the basis of widespread acceptance throughout the community.

Other measures will be laid before you. . . .

Northern Ireland

The Government's policy towards Northern Ireland was explained in a speech to the Northern Ireland Assembly by the Secretary of State for Northern Ireland, Mr James Prior, on 28 June. Among the matters referred to were the constitutional position of the Province, its security and economic problems, the work of the Assembly and relations between the United Kingdom and the Irish Republic.

Constitutional Position

Mr Prior said that he had a deep interest in the development of the Assembly, and all who believed in constitutional politics had a role to play in seeking a way forward for the whole community. The election results[1] in Northern Ireland had two principal features. First, they had shown that the majority of people supported a constitutional approach to the problems of Northern Ireland and rejected violence as a means of settling political differences; this view was expressed by people from all sections of the community. The second feature was the increased size of the vote for Sinn Fein – a party which has made clear its support for violence.

The political framework for Northern Ireland was stated in the Conservative Party election manifesto as follows, said Mr Prior: 'The people of Northern Ireland will continue to be offered a framework for participation in local democracy and political progress through the Assembly. There will be no change in Northern Ireland's constitutional position in the United Kingdom without the consent of the majority of people there, and no devolution of powers without widespread support throughout the community.' This policy was endorsed in the Queen's speech on the opening of the new session of Parliament 321 (see p 7).

Devolved Government

The Northern Ireland Act 1982 (see pp 176-8, 1982) provided the machinery for further constitutional progress. The Government's first premise was that Northern Ireland needed a system of devolved government which encouraged local, democratic participation. This did not in any way imply a lack of support for the union with Great Britain. Unless it was the wish of a majority there could be no change in the constitutional position of Northern Ireland and this had been recognised in Dublin, as well as in Westminster.

Secondly, the Government's approach had to take account of the two distinctive identities within Northern Ireland. To recognise and take account of these divisions implied no threat to the rights and interests of either side. Working together and reaching an accommodation on how responsibility should be exercised, did not imply a step towards a united Ireland without the consent of a majority. Working together could only enhance the stability of the Province.

Any proposal which came forward for the administration of Northern Ireland had to have substantial support from both sides of the community. This was an essential pre-condition for devolved government to operate effectively. If the bulk of the majority community or the bulk of the minority was strongly hostile to particular proposals for devolution, they had no future.

The Government would support a move to a devolved system of administration provided that the provisions of the 1982 Act were met. It would look for proposals that would be recognised as practical and would secure the support of both Houses of Parliament on the grounds that they commanded widespread acceptance throughout the community.

United Kingdom-Irish Relations

The third strand in the Government's approach was that relations between the communities in Northern Ireland both influenced and were affected by the state of relations between the United Kingdom and the Republic of Ireland. Those relations were important and would continue to improve in a spirit of close and practical co-operation. Good bilateral relations, coupled with an open and positive attempt to recognise the vital importance of understanding at all levels, were not inconsistent with the constitutional guarantee. He hoped that they would provide an encouraging atmosphere in which improved relations within and between the communities in Northern Ireland could be expected.

The Government had given, and would continue to give, a clear commitment to the right of both traditions to pursue their aspirations, to make progress in the field of Anglo-Irish relations and above all to support the Assembly as the best vehicle for political co-operation and for necessary dialogue and compromise.

[1]Votes cast for the political parties in Northern Ireland in the general election on 9 June were (with the percentage of the total vote given in brackets) as follows: Official Unionist 259,952 (34); Democratic Unionist 152,749 (20); Social Democratic and Labour 137,012 (17·9); Sinn Fein 102,681 (13·4); Alliance 61,257 (8); Ulster Popular Unionist 22,861 (3); Others 28,075 (3·7). (The distribution of seats between the parties is given on p 183.)

Work of the Assembly

Since the beginning of this year the Assembly, in its plenary sessions, through the less public work of its departmental committees, and through its other committees had been having an increasing impact on government decision-making. The Assembly had produced over 20 reports in the past three to four months, and members were completing another ten. In about half the cases the Assembly was responding to a request by the Government for comment on proposed legislation or other new policy. The other reports related to matters raised by the committees themselves. This was a good balance. It had led the Government to reconsider proposals for legislation on a number of occasions, and was influencing the thinking of departments. Ministers had attended both plenary and committee sessions which demonstrated the opportunity which the Assembly had provided to widen public debate on vital social and economic issues and problems. The presence of a locally elected body increased the extent to which government decision-makers were publicly accountable for their decisions.

Departmental ministers were ready to speak regularly in the Assembly, either to lead a discussion and answer a debate, or to make a statement on a topic, followed by an opportunity for questions.

Security

Mr Prior went on to say that progress on the political and economic front would be affected by the success in dealing with the threat of terrorism and the racketeering it brought in its wake. This Government, like its predecessors, was implacably resolved to bring terrorism to an end by the impartial and effective enforcement of the law. The rule of law lay at the heart of Britain's democratic processes, which in their turn were intended to promote the welfare of the whole community. Whatever the alleged motive, violence to overthrow these processes could not be seen as anything other than criminal. This applied to terrorists of any persuasion.

The terrorists were trying to undermine democratic values by provoking the community into taking vindictive countermeasures. Not only would this be counterproductive, in that such retaliation would generate support for the terrorists, but also in the long term it would destroy these values as surely as the acts of the terrorists themselves.

Mr Prior said he was especially concerned that it was the strategy of many terrorists to destabilise society. It was their intention to establish a Marxist-style state which was completely against the traditions of the United Kingdom. The establishment of such a state would be equally abhorrent to the parties in the Republic, and to all those who valued democracy in Europe and in America.

For these reasons the Government would continue to use every means and every power within the law to bring terrorist criminals to justice. To this end the Government was committed to giving the police and the Army all the resources they required. The security forces needed and deserved the active support of the public, and especially of public representatives, in their task. In particular the public must demonstrate this support through the provision of information that might lead to crimes being prevented or criminals arrested.

Mr Prior said he was also anxious to see a wider recognition of the impressive achievements of the security forces. In 1982 there had been a continued steady abatement in the level of violence. There had been tragedies and frustrations, but there had been significant successes as well, in which security forces in the Republic had played their part. Dedicated police work prevented many acts of violence planned by the terrorists to coincide with the recent election campaign, just as it had frustrated attempted armed robberies, and other violent crime which was becoming an ugly extension of activity by terrorist gangs. The same skill and dedication had enabled charges to be brought quickly following recent brutal killings. These might not hit the headlines in the same way as terrorist incidents, but they were real successes and of fundamental importance.

Prisons

Mr Prior turned to the question of prisons in Northern Ireland. Within the prisons and particularly within the Maze a number of 'loyalist' prisoners continued to refuse to conform fully with the prison regulations with the objective of forcing the Government to reintroduce a system of segregation of prisoners by paramilitary affiliation. He had given this issue serious consideration and concluded that a segregated system would increase the ability of paramilitary organisations to exercise control within the prisons with a consequentially higher risk to the safety of prisoners and staff.

The security of the prisons was of the first importance and every effort would continue to be made to ensure that Northern Ireland prisoners remained secure and under the proper control of the prison authorities. The Northern Ireland prison system was widely recognised as humane and fair and the Government was determined that it should maintain that reputation.

Economic Problems

With regard to Northern Ireland's economic problems, Mr Prior said that he intended to ensure that the Province received a share of public expenditure which recognised its special needs and circumstances. Of particular importance would be the correct choice of public expenditure priorities and wise and efficient deployment of resources. The Government's order for pubiic expenditure priorities in Northern Ireland was law and order, industrial development and support, and housing. He appreciated the energy with which the Assembly had set about the task of considering the allocation of resources and looked forward to its advice and assistance in tackling decisions about the ordering of public expenditure priorities for the future.

The European Community had confirmed its willingness to provide some £60 million for urban infrastructure projects in Belfast; this would mean a genuine increase in expenditure in the Province.

In the industrial sphere the Government would continue its efforts to strengthen the economy,

improve industrial competitiveness and expand the industrial base. The level of unemployment was appallingly high and affected all sectors of the community. The Government would continue to deploy a very wide range of measures to provide training and short-term employment. It would also seek to stimulate the creation of new jobs. But vital though it remained to attract new inward investment it was the creation of jobs within the indigenous economy that should be supported with increasing vigour.

The Industrial Development Board was developing a new spirit of partnership with existing local industry. The Local Enterprise Development Unit had had its most successful year ever, promoting more than 2,500 jobs. Over the next couple of years the Board planned to reach a promotion target of 10,000 a year. The problem of Northern Ireland's bad 'image' with investors had been defined with a new clarity, and the plan to counter it, by the most vigorous and professional means, was under way. The package of measures announced in March (see p 139) should have done much to restore Northern Ireland's competitive 'edge'.

The extension of de-rating to 100 per cent had tackled one of the major costs for industry, and a £60 million a year electricity subsidy currently helped to contain another. It was important, however, to seek advances on the energy front by means other than increasing cash subsidies. The Assembly would consider carefully the Government's energy discussion paper, which was to be published shortly.

Northern Ireland continued to have a great deal to offer those who sought the means of economic and industrial expansion: a splendid natural environment; first-rate communications; and an excellent record for enterprise, energy and good industrial relations.

Agriculture was a key sector of the economy and Mr Prior was glad that the incomes of most farmers had recovered from the low levels of 1980.

The intensive livestock sector, particularly egg production, was in a difficult position at present because of the higher costs of feeding stuffs and relatively low market prices. He hoped this was a temporary phase and emphasised that the Government had done everything within its power to help to minimise the difficulties.

It should not be forgotten that expenditure on Northern Ireland agriculture was very considerable: some £170 million from Government and European Community funds, including the £30 million special funding which was not available in Great Britain, plus the benefits of the cash spent by the Intervention Board in maintaining farm-gate prices.

Need for Cross-Community Support

Mr Prior concluded his speech by saying that the difficulties of Northern Ireland could not be resolved without further political progress towards a stable system of government. To achieve this there had to be a greater recognition by the majority that the cross-community support, which underpinned the Northern Ireland Act 1982, was not easily achievable. It required an open-minded and generous approach to the needs, aspirations and fears of the minority community. The elected representatives of the majority in the Assembly had a crucial role. They were the people who had much in common with the minority community. They shared a common interest in economic and social development, they inhabited the same local areas and they desired administration of their own affairs.

The road to stability and progress called for an equal commitment from the minority. Many in that community had taken a courageous stand against violence, but they needed to go further.

The minority community did not have a monopoly on distinctive needs, aspirations and fears. It was essential that they recognised this. The best way forward was for those who believed in constitutional politics to participate in the Assembly. That would not require them to sacrifice their position nor deny their aspirations. The Government remained fully committed to the restoration of devolved powers only on a basis which had clear and unambiguous cross-community support – just as it remained committed also to the principle that constitutional change to the status of Northern Ireland could only come by consent of a majority. The minority community had much to gain by working, within the framework of the 1982 Act, to achieve political progress.

Mr Prior said that he hoped that those already sitting in the Assembly would help to demonstrate that there was a worthwhile function for the minority. There was now a crucial division in Northern Ireland between those who opposed violence and those who supported it. If those opposed to violence failed to find ways to work together in the common interest, the beneficiaries were likely to be the terrorists.

Shorter Notes

SPEAKER OF THE HOUSE OF COMMONS

Mr Bernard Weatherill, Conservative MP for Croydon, North East, and Deputy Speaker in the last Parliament, has been elected Speaker of the House of Commons on the retirement of Mr George Thomas, MP. Mr Harold Walker, Labour MP for Doncaster, Central, is the new Chairman of Ways and Means; his two deputies are Mr Ernest Armstrong, Labour MP for Durham, North West, and Mr Paul Dean, Conservative MP for Woodspring.

The Speaker is normally elected by Members of the House at the beginning of each Parliament. The Government and the Opposition usually agree on a candidate who is elected unanimously. If he is returned to the House in a general election, he is normally re-elected as Speaker. When offering himself to his constituents for re-election as a Member of Parliament, he stands as the Speaker seeking re-election and not as a political party candidate. The Chairman of Ways and Means and his two deputies may all act as deputy Speaker;

these officers are elected by the House of Commons and, like the Speaker, they neither speak nor vote in the House other than in their official capacity. (In the event of a tied vote the Speaker, or one of his deputies, casts his vote in such a way as to give the House another chance to decide the question.)

Sources: *Hansard,* Vol 44, No 1, cols 2-18 (15.6.83); No 2, col 19 (16.6.83); No 6, col 175 (23.6.83); (*HL*), Vol 443, No 2, cols 3-4 (16.6.83).

CENTRAL POLICY REVIEW STAFF

The Central Policy Review Staff (the 'Think Tank'), which was established in 1971 to advise ministers on major issues of policy, is to be disbanded at the end of July. This follows a review by the Prime Minister of the arrangements for support given to ministers on policy analysis and advice.

The Prime Minister has decided, after consultation with her Cabinet colleagues, that the purposes for which the Central Policy Review Staff were set up are now being met satisfactorily in other ways. This decision was made in the light of the development of the role of special advisers as a source of general advice to ministers and of a number of other developments which have taken place since the establishment of the Central Policy Review Staff, including the creation or expansion by government departments of their own policy units for long-term planning; the growth in the role of the Cabinet Office Secretariat in preparing issues for collective ministerial discussion; and the establishment of a policy unit within the Prime Minister's Office.

Source: Prime Minister's Office press notice, 16.6.83.

EXTERNAL AFFAIRS AND DEFENCE

North Atlantic Treaty Organisation

The North Atlantic Council, meeting in June, reaffirmed its determination to deploy cruise and Pershing II missiles in Europe in the absence of a concrete agreement with the Soviet Union on intermediate-range nuclear forces. Underlining its commitment to peace in freedom through seeking a stable balance of military forces at lower levels, the Council also reaffirmed its support for the United States' proposals for substantial reductions in strategic weapons as well as for an interim agreement on intermediate-range nuclear missiles, and called upon the Soviet Union to respond positively. In addition it emphasised the importance of achieving progress on other Western arms control initiatives, including the draft treaty on mutual and balanced force reductions in Europe, submitted by NATO members in July 1982, proposals leading to the elimination of chemical weapons and suggestions for confidence-building measures in Europe.

The meeting of the North Atlantic Council was preceded by meetings of the Defence Planning Committee, the Nuclear Planning Group and the Eurogroup.

NORTH ATLANTIC COUNCIL

The following is the communiqué issued after the Council meeting (headings added):

The North Atlantic Council met in Ministerial Session in Paris on 9 and 10 June 1983. Ministers reaffirmed that their supreme objective is the maintenance of peace in freedom. A stable military balance is essential to this objective.

The countries of the Alliance are determined to ensure through negotiations that this balance will be established at the lowest possible level. They are equally determined to assure their security and their independence. They will defend the liberty and the justice on which their democracies are founded.

They have put forward a broad set of arms control and disarmament initiatives on: strategic arms reductions (START); intermediate-range nuclear forces (INF); Mutual and Balanced Force Reductions (MBFR); a Conference on Confidence- and Security-Building Measures and Disarmament in Europe (CDE); a total ban on chemical weapons. They call upon the Soviet Union to demonstrate by its deeds an equal resolution to achieve concrete results in these negotiations.

As regards intermediate-range nuclear forces, the Ministers affirmed the importance of the double-track decision taken on 12 December 1979 by the countries concerned. They hope that, in the near future, a verifiable agreement providing for United States and Soviet equality can be reached in Geneva. If concrete results through negotiations cannot be reached, deployments as planned will begin as already decided in December 1979.[1]

Recognising that the cohesion and strength of the Alliance is of paramount importance for the preservation of peace and improved international relations, Ministers agreed as follows:

Alliance Defence and East-West Dialogue

The Programme for Peace in Freedom adopted in the Bonn Summit Declaration of 10 June 1982 [see pp 231-2, 1982] emphasises the Alliance's resolve to deter aggression by means of a strong defence and to develop, through co-operation and dialogue, a constructive East-West relationship aimed at genuine détente. This balanced policy will continue to serve peace and uphold the independence and democratic values of the free peoples of the Alliance.

The Alliance remains a fundamental forum for close and regular consultation on matters of common concern and permits member states to adjust their aims and interests through free exchanges of views.

The maintenance of adequate defences by the Allied countries threatens no one. In Article 1 of the North Atlantic Treaty the members of the Alliance reaffirmed the undertaking to refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations. This solemn obligation was restated in the Helsinki Final Act signed by 35 countries and will always be fully honoured by the members of the Alliance. Each and every sovereign member of the Alliance is a guarantor that none of their weapons will be used except in response to attack.

Soviet Policies

The Allies view with concern the sustained increase in Soviet military strength in Europe and capability for military action world-wide, which far

[1]Greece reserved its position on this paragraph.

exceed their defence needs. The Soviet Union maintains its build-up of conventional arms, chemical weapons, naval forces, nuclear forces, and in particular the deployment of SS20 intermediate-range nuclear missiles. Faced with this threatening situation, the Allies are resolved to ensure that conditions never exist which could tempt the Soviet Union to exploit its military power against any of the Allies. They are determined to meet the legitimate security requirements for the entire North Atlantic Treaty area. A sufficient level of both conventional and nuclear forces remains necessary for the credibility of deterrence. The security and sovereignty of the European members of the Alliance remain guaranteed by their own defences, by the presence of North American forces on European territory and by the United States strategic nuclear commitment to Europe. The United States and Canada likewise depend for their own security upon the contribution of the European partners to the defence of the Alliance.

The Allies have reviewed the trends of Soviet policies which bear upon Western interests. They are resolved to maintain a firm, realistic and constructive attitude and agree that it is important to maintain a dialogue, not least in periods of tension.

The Allies stress that respect for the obligation not to use force is mandatory and applicable between all states without exception. The reaffirmation of this obligation, contained in the United Nations Charter and the Helsinki Final Act, cannot substitute for deeds. The Allies therefore call on the Soviet Union for a complete end to the use of force in Afghanistan and the threat of use of force, as in the case of Poland. The exercise of restraint and responsibility by the Soviet Union is essential for the constructive relations which the Allies wish to establish with it. Such relations with the Soviet Union are possible on the full range of East-West issues.

The Allies look to the Soviet Union to contribute to the achievement of tangible results in the negotiations on arms control, disarmament and confidence-building measures, since this would enhance the credibility of the principle of non-use of force. They would welcome any serious proposals to improve confidence and co-operation between East and West.

Poland

The Allies deplore the continuing violation by the Polish authorities of the commitments undertaken by Poland in the Helsinki Final Act. They look to those authorities to honour the wish of the Polish people for national reconciliation, the release of political prisoners and the establishment of civil rights, including the right of the workers to have trade unions of their own choice. This would enable Poland to overcome its crisis. More normal trade and economic co-operation with Poland, for which the Allies wish, could be effective if progress were made towards national reconciliation without which there can be no genuine economic and social recovery. The Allies urge the Soviet Union to cease its pressure on Poland so as not to impede the efforts of the Polish people for national renewal and reform.

Afghanistan

The Soviet Union's actions in Afghanistan also pose a major obstacle to the normal development of international relations. Intensified Soviet aggression there continues to meet with the determined resistance of the Afghan people. The mounting toll of civilian casualties and destruction emphasises the urgency of a political solution based on the verifiable application of the resolutions of the United Nations General Assembly which called for the immediate withdrawal of Soviet forces, the restoration of Afghanistan's independence, sovereignty and non-aligned status, the right of the Afghan people to self-determination, and the voluntary return of refugees.

Arms Control

Defence and arms control are integral parts of the security policy of the Alliance. In pursuit of this policy the Allies have submitted a comprehensive series of proposals designed to lead to equitable, verifiable and militarily significant agreements for major reductions to a stable balance of forces at the lowest possible levels.

Nuclear Forces

In this spirit, the Allies concerned underline the continued importance of the decision of 12 December 1979 which combined the modernisation of United States longer-range INF (LRINF) with a parallel offer of negotiations and the unilateral withdrawal from Europe of a thousand United States nuclear warheads which was completed in 1980. Since that decision was taken, the Soviet Union has relentlessly continued its deployment of modern SS20 missiles, greatly expanding its monopoly in this class of weapons which has created an entirely new threat for Europe. Ignoring the concerns of countries threatened by these systems, the Soviet Union is, at the same time, resisting achievement of an equitable negotiated solution. The Soviet approach would undermine the vital link between the defence of Europe and the American strategic deterrent. Present Soviet proposals would include third country national deterrent forces which have no place in the negotiations and leave the Soviets with more SS20 missiles than when the negotiations began, deny the right to modernise the deterrent to this threat, leave unrestrained large Soviet SS20 forces in the Eastern USSR which threaten Europe as well as Asia, and remove from Europe aircraft of the United States which are essential to conventional defence.

The Allies concerned reaffirm that in the absence of concrete negotiating results which obviate deployments, deployments will begin at the end of 1983, in accordance with the schedule established in the decision of 1979. At the same time these Allies remain fully committed to reaching a successful outcome in the INF negotiations, which they continue to monitor and evaluate closely. They will support continued negotiations even after initial deployments. These Allies will examine NATO's LRINF requirements when concrete results are achieved in the negotiations, and will make appropriate adjustments in the levels of

deployments already decided in 1979. They fully support the efforts of the United States, in close consultation with them, to achieve progress at Geneva. These Allies strongly prefer the elimination of all United States and Soviet LRINF missiles, as proposed by the United States. They welcome and support as a further effort to achieve progress toward that end the United States proposal for an interim agreement which would result in equal global ceilings on warheads on United States and Soviet land-based LRINF missile systems at the lowest possible level. This proposal which establishes a flexible framework for negotiations was developed through close consultation among the Allies concerned. They call on the Soviet Union to contribute constructively to a successful outcome of the negotiations which addresses the legitimate security concerns of both sides and welcome current United States efforts to that end. They strongly hope a balanced agreement will be rapidly reached.[1]

The Allies expressed their full support for the effort of the United States to negotiate reductions in United States and Soviet strategic arms, and to secure an agreement which will enhance strategic stability. They welcomed new steps being taken by the United States to promote progress in the START negotiations, and called upon the Soviet Union to respond in a similarly positive spirit.

Mutual and Balanced Force Reductions

The Allies participating in the Mutual and Balanced Force Reductions (MBFR) talks attach great importance to achieving progress. They consider that the comprehensive approach embodied in their draft treaty text of July 1982 provides the basis of an accord which would lead to parity at the agreed collective ceilings for combined ground and air force manpower in Central Europe through substantial staged reductions. This major initiative met what had been represented by the East as a fundamental requirement. It also proposed a well-defined and practical programme for implementing an agreement with the East. Western participants hope that the East will respond in a more constructive way and recognise that, in order to contribute to stability and security in Europe, an MBFR agreement must provide for reductions and limitations based on agreed data and for effective associated measures on verification and confidence-building.

Chemical Weapons

In the Committee on Disarmament the Allies seek disarmament measures which are balanced, realistic and verifiable, and which would maintain or enhance global security. In particular, they are working for an agreement on the prohibition of the development, production and stockpiling of chemical weapons and on the destruction of all existing stocks as well as the means of production. The Allies call upon the Soviet Union to co-operate in developing effective inspection and verification measures leading to agreements for the elimination of this entire category of weapons.

The Allies remain gravely concerned about strong evidence of continued use of chemical weapons in South East Asia and Afghanistan in violation of international law and of Soviet involvement in the use of such weapons.[1] *They welcome procedures being developed by the United Nations to investigate allegations of the use of chemical weapons.*

[1]Greece reserved its position on this paragraph.

Conference on Security and Co-operation in Europe

The Allies are continuing their efforts at the Madrid CSCE follow-up meeting to arrive at a substantial and balanced concluding document, including a precise negotiating mandate for the Conference on Confidence- and Security-Building Measures and Disarmament in Europe. They consider that, as a result of the latest proposal by the neutral and non-aligned states, an agreement is now within reach which could permit a successful and early conclusion.

The Allies have already stated their willingness to accept the draft concluding document submitted by the neutral and non-aligned states, subject to limited and reasonable amendments favourably received by other participants and designed to enhance the balance of the agreement. The Allies therefore urge the Soviet Union to change its attitude and negotiate a solution of the few remaining issues. This would demonstrate that the Soviet Union shares the interest shown by other participating countries in a successful outcome to the Madrid meeting which will consolidate the CSCE process. The Allies are convinced that a substantial and balanced concluding document, together with renewed efforts to give full effect to the Final Act through concrete action, would be of particular importance for developing a more constructive East-West relationship.

The Allies emphasise the importance, in the present circumstances, not only of a reaffirmation of the 1975 Helsinki commitments as a whole, but also of an expression of determination of the 35 signatory states to carry them out. They reaffirm, too, the importance they attach to the convening of a conference which, as an integral part of the CSCE process, would have as its purpose the adoption of verifiable, militarily significant and binding provisions applicable to the whole of Europe. The Allies also remain committed to further progress in the important humanitarian aspects of East-West relations.

Confidence-building Measures

The Allies support confidence-building measures designed to promote greater openness about armed forces and military activities, overcome misapprehension and distrust and thus facilitate disarmament negotiations. The Allies recall that in 1982 the United Nations General Assembly reaffirmed the importance of confidence-building measures and invited all states to consider the introduction of such measures in their region. The Allies have taken a number of concrete initiatives in that direction. Proposals put forward by the Soviet Union, in contrast, are often declaratory. The United States government, in an effort to help

[1]Greece recalled its position as it had been expressed during the previous Ministerial Session.

develop a stable peace, has tabled a series of confidence-building measures in the START and INF negotiations and has suggested new proposals in the nuclear field and in mutual communications between the United States and the Soviet Union. The Allies will, in the context of the Conference on Disarmament in Europe, put forward concrete proposals for a new generation of confidence- and security-building measures in Europe. The Allies will continue their efforts to build confidence through improved verification procedures, the provision of clear and comparable data on defence spending and other steps likely to remove misconceptions. They urge the Soviet Union to join them in this endeavour.

Berlin and German Unity

The maintenance of a calm situation in and around Berlin and the strict observance and full implementation of the Quadripartite Agreement of 3 September 1971, including unimpeded traffic on the access routes, remain of fundamental importance for East-West relations.

Recalling their Rome statement of 5 May 1981, the Allies express the hope that the efforts of the Federal Republic of Germany towards further practical progress in inner-German relations and towards improvements for travel in both directions will bring direct benefits for Berlin and the German people in both states.

Terrorism

The Allies reiterate their abhorrence and condemnation of recurring terrorist acts which menace democratic institutions as well as the conduct of international relations. The Allies reaffirm their determination to pursue all necessary efforts to combat and suppress crimes of terrorism.

East-West Economic Relations

The Ministers note that since their last meeting several aspects of East-West economic relations have been studied including the security implications of these relations. Trade conducted on the basis of commercially sound terms and mutual advantage, that avoids preferential treatment of the Soviet Union, contributes to constructive East-West relations. At the same time, bilateral economic relations with the Soviet Union and the countries of Eastern Europe must remain consistent with broad Allied security concerns. These include avoiding dependence on the Soviet Union, or contributing to Soviet military capabilities. Thus, development of Western energy resources should be encouraged. In order to avoid further use by the Soviet Union of some forms of trade to enhance its military strength, the Allies will remain vigilant in their continuing review of the security aspects of East-West economic relations. This work will assist Allied governments in the conduct of their policies in this field.[1]

Sustained economic recovery in the West is essential since the strength and security of the member countries rest upon social stability and progress as well as upon defence preparedness. In accordance with Article 2 of the North Atlantic Treaty the Allies will seek to eliminate conflict in their international economic policies and will encourage economic collaboration among them. The Allies reaffirm the importance of this commitment and of support for programmes which are intended to benefit the economies of less favoured partners.

International Stability

The Allies will continue to work for the further development of peaceful and friendly international relations and will promote conditions of stability and well-being. The aid which they give bilaterally and multilaterally is an important contribution to this end. Countries in the Third World should have the freedom to develop politically, economically and socially without outside interference. The Allies urge respect for sovereignty and genuine non-alignment.

The Allies recognise that events outside the Treaty area may affect their common interests as members of the Alliance. If it is established that their common interests are involved, they will engage in timely consultations. Sufficient military capabilities must be assured in the Treaty area to maintain an adequate defence posture. Individual member governments who are in a position to do so will endeavour to support, at their request, sovereign nations whose security and independence are threatened. Those Allies in a position to facilitate the deployment of forces outside the Treaty area may do so on the basis of national decision.

Note: *The Spanish Minister of Foreign Affairs informed the North Atlantic Council of the present state of the review that the Spanish Government has undertaken regarding its participation in the Alliance, pending which he reserved his Government's position on the present communiqué. At the same time, however, the Spanish Minister expressed that his Government shares in the communiqué in so far as it reflects positions already expressed by Spain in her relations with the member countries of the Alliance.*

The Danish Minister of Foreign Affairs repeated the Danish Government support for the double-track decision but at the same time he presented to his colleagues the motion passed by the Folketing on 26 May.[1]

DEFENCE PLANNING COMMITTEE

Ministers of the Defence Planning Committee met in Brussels on 1 and 2 June 1983 and reaffirmed that the security of NATO was ensured through the deterrence of aggression by means of a strong defence and vigorous efforts to reach agreement on militarily significant, equitable and verifiable

[1]Greece recalled its position on various aspects of this paragraph.

[1]The Folketing, the Danish Parliament, approved on 26 May a motion which called for the extension of the intermediate-range nuclear forces negotiations beyond December 1983; a halt in the preparation and deployment in Europe of cruise and Pershing II missiles and other new nuclear weapons systems; the inclusion of British and French strategic nuclear forces in an expanded arms control negotiation covering both strategic and intermediate-range nuclear forces; and reductions in Soviet SS20 missiles to a point where the deployment of Western missiles would be unnecessary.

arms reductions; both deterrence and arms control were integral parts of the security policy of the Alliance and 'fundamental to NATO's long-standing objectives of strengthening the peace and pursuing, through dialogue and mutually advantageous co-operation, a constructive East-West relationship aimed at genuine détente'.

NATO Strategy

NATO's strategy of flexible response and forward defence was reaffirmed by ministers. Also integral to the security of the Alliance were the undiminished presence of the United States and Canadian armed forces in Europe, the United States' strategic nuclear commitment and the maintenance and continued improvement of the deterrent and defence capabilities of the European members. Ministers expressed their determination to continue providing the resources and taking the measures necessary in a fair and equitable way to ensure the effectiveness of NATO's deterrent.

The prospects for continued peace and stable political relations between East and West depended on the acceptance by the Soviet Union of the legitimate security requirements of other nations, the maintenance of an overall military balance and on Soviet willingness to contribute to the creation of a climate of confidence. In this context ministers noted with concern the continued increase of Warsaw Pact forces of all types, with the Soviet Union allocating very substantial resources to sustain a military build-up far beyond its defensive needs. This growth, particularly the increased global mobility of its forces, allowed the Soviet Union to exert pressure in many parts of the world, the Soviet invasion and continuing occupation of Afghanistan and its pressure on Poland being examples of its willingness 'to threaten or to use force beyond its own frontiers'.

Recalling their common interests in the security, stability and sovereign independence of countries outside the NATO area, and their conviction that respect for non-alignment was important for international security, defence ministers acknowledged that out-of-area developments could threaten the vital interests of members of the Alliance, and they agreed 'to take full account of the effects of such developments on NATO security, defence capabilities and the national interests of member countries'. While out-of-area policies were a matter of national decision, countries, such as the United States, which had the means to take action, needed to do so in timely consultation with their Allies. Other members of the Alliance could make an important contribution to the security of NATO by providing facilities to assist deployments needed to strengthen deterrence in such areas.

Force Improvements

A new Ministerial Guidance for defence planning (in particular for the preparation of NATO force goals for the period from 1985 to 1990) was approved. Despite current improvements in the Alliance's defence capabilities, ministers said that sustained efforts were necessary to ensure the continued credibility of NATO's strategy. The objective of an annual 3 per cent real increase in defence expenditure for all NATO countries in general was reaffirmed. In the light of the growing disparity between NATO and Warsaw Pact forces, the Allies also agreed 'to continue to do their utmost to make available all the resources needed to provide the requisite strengthening of their deterrent and defence forces'. The importance of increasing the combat capability and effectiveness of NATO's conventional forces was emphasised in the Ministerial Guidance, particularly modernisation, better readiness and sustainability of deployed forces, fulfilment of the requirements of the Rapid Reinforcement Plan,[1] a more effective air defence and the provision of additional reserve units.

Ministers also emphasised the need to take advantage of emerging technologies to make improvements in NATO conventional defence; to redress escalating defence costs by more effective application of national resources to defence; to improve both the co-ordination of defence planning and transatlantic armaments co-operation; and to take effective measures to restrict the transfer of militarily relevant technology to the Warsaw Pact in order to preserve the West's technological advantage.

Arms Control and Defence

Stressing the importance of arms control as a necessary complement to the maintenance of an adequate defence posture, ministers supported the United States' proposal for substantial reductions in strategic weapons (see p 190, 1982). They also emphasised their support for the United States' position in the negotiations on intermediate-range nuclear forces (INF), including the proposal for an interim agreement (see pp 125-6), and they reiterated that for these negotiations to be successful, the Soviet Union had to be convinced that NATO would deploy its INF missiles at the end of 1983 as planned in the absence of a concrete agreement. (Greece reserved its position on the points in this sentence.) Welcoming the fact that the United States would continue to maintain an active and flexible negotiating position, ministers stressed that the Alliance commitment to negotiations 'would, if necessary, continue even after initial deployment'.

Pointing out that defence and security policy in democratic societies was based on broad consent, defence ministers welcomed the public attention that was being given to the Alliance and its deterrent strategy, and concluded: 'A strong Alliance has helped to maintain peace for more than three decades and will continue to provide the basis on which to ensure both peace and freedom for its members, while improving peaceful relations through dialogue and negotiation. NATO is a defensive alliance: its weapons will never be used except in response to an attack.'[2]

[1] NATO's plan to reinforce the European theatre in periods of rising tension or crisis.

[2] In the Defence Planning Committee's communiqué, the defence ministers of Spain and Denmark repeated the reservations of their governments, recorded in the addendum to the communiqué of the North Atlantic Council (see p 223).

NUCLEAR PLANNING GROUP

NATO's Nuclear Planning Group met at Vilamoura, Portugal, on 22 and 23 March. Spain attended as an observer. Ministers repeated NATO's determination 'to preserve its security by possessing a spectrum of capabilities adequate to deter aggression and intimidation'. For this strategy to remain credible NATO had to maintain adequate strategic nuclear forces, intermediate- and short-range nuclear forces, and conventional forces, 'with intermediate- and short-range nuclear forces in NATO Europe providing a crucial link between the defence of NATO Europe and the United States' strategic nuclear deterrent'. At the same time the Alliance sought a stable balance of forces at the lowest possible level to strengthen peace and international security, and had initiated a comprehensive series of proposals for 'militarily significant, equitable and verifiable agreements on the control and reduction of armaments'.

Ministers noted with concern, however, that, in spite of statements to the contrary, the Soviet Union was continuing its build-up of a whole range of nuclear forces. Having deployed modern, accurate SS17, SS18 and SS19 missiles as part of its strategic nuclear forces, the Soviet Union had recently flight-tested two new intercontinental ballistic missiles. Its intermediate-range land-based systems had a total of 1,300 nuclear warheads (1,053 warheads on 351 SS20 launchers, the remainder being SS4 and SS5 missiles), this number being more than twice as many warheads as it had before the SS20s began to be deployed. Older short-range missiles were also being replaced with new and more accurate SS21, SS22 and SS23 missiles 'which if deployed forward could reach deep into Western Europe'. Ministers agreed that 'such a concerted build-up – in spite of a decade of restraint by NATO – was far more than was necessary for purely defensive purposes'.

In its discussion of the trends in the strategic capabilities of the Soviet Union and the United States, the Group supported the determination of the United States and Britain to ensure the deterrent capabilities of their strategic nuclear forces which were of 'fundamental importance to the Alliance's strategy' and 'the ultimate guarantee of NATO's security'. Ministers underlined that the stability and security of all countries concerned would be greatly enhanced by the United States' proposal at the strategic arms reduction talks for 'substantial reductions in strategic nuclear systems and strategic ballistic missiles warheads' (see p 383, 1982). Ministers also welcomed United States proposals concerning confidence-building measures. (First announced by President Reagan in November 1982, these measures include proposals for lessening the risk of nuclear war such as advance notification of missile test firing, improvements in the hot-line communications between the United States and the Soviet Union, and advance notification of large-scale military manoeuvres.)

On the INF negotiations at Geneva, the ministers agreed that the Alliance, while vigorously pursuing them, would also continue the preparation for the planned deployment in Europe at the end of 1983 of cruise and Pershing II missiles in the absence of agreement. While believing that the United States' solution – the total elimination of all longer-range, land-based INF missiles – was 'the best and equitable outcome', the ministers also fully supported the United States' determination to explore in Geneva every proposed solution that met 'the basic criteria of balanced and effective arms control: that is, significant reductions based on equality of rights and limits between the United States and the Soviet Union, no inclusion of or compensation for third-country systems, global limitations, no weakening of the United States' contribution to NATO's conventional deterrence and defence, and effective verifiability'.

However, the Soviet Union had yet to make proposals recognising the legitimate security interests of the West since its most recent proposal would leave it with more SS20s than it had at the beginning of the negotiations, deny NATO the right to modernise the means to deter the SS20 threat, allow the Soviet Union to have an unlimited number of mobile SS20s east of the Urals which would still threaten NATO Europe, and almost totally eliminate from Europe United States aircraft indispensable to NATO's conventional defence. The result, ministers said, would be to preserve the Soviet monopoly in the field of longer-range land-based missiles, to erode seriously the linkage between the United States' strategic deterrent and the defence of NATO Europe and to further the Soviet long-term aim of dividing the Alliance. The Soviet proposal to reduce the number of medium-range missiles in Europe to the number of the strategic systems of Britain and France was unacceptable for the British and French nuclear forces were independent strategic deterrents and hence could not be compared with the Soviet or United States longer-range, land-based missiles under consideration. Moreover, the proposal 'would result in the virtual elimination of the presence of United States intermediate-range nuclear forces from the European continent and thus constitute a fundamental change in the security situation of the Alliance'.

Ministers also stated that in present circumstances both short- and intermediate-range nuclear forces continued to play their necessary role in maintaining deterrence, but reaffirmed that the overall size of NATO's nuclear forces should be 'at the lowest level consistent with the Alliance's agreed deterrent strategy and that no more nuclear weapons than are needed should be retained in NATO's inventory'. Ministers also pointed to the completed withdrawal of 1,000 United States nuclear warheads from Europe and the commitment, undertaken as part of the 1979 decision to modernise longer-range INF missiles, that 'the deployment of Pershing II and ground-launched cruise missiles would not result in an increase in the number of warheads in Europe over that reduced level'.[1]

[1]Greece expressed its views in a statement included in the minutes.

EUROGROUP

Meeting in Brussels on 31 May, defence ministers of the Eurogroup (Belgium, Britain, Denmark, the Federal Republic of Germany, Greece, Italy, Luxembourg, the Netherlands, Norway, Spain and Turkey) discussed the need to inform public opinion in Europe of the issues in defence, and 'the continuing need to inform the North American public of the size and significance of the contribution of European countries to the common defence'. In this connection they referred to a new edition of the Eurogroup booklet drawing attention to the fact that 'the majority of NATO's ready forces in-place in Europe come from Eurogroup countries'.

Noting that the Eurogroup was a valuable forum for informal discussions on current political and military issues, ministers said that prominent among these was 'the need for improved co-operation between Europe and North America in the whole field of equipment co-operation', and that an increase in the European share of the actual provision of military equipment for the common defence would 'contribute to redressing the present unsatisfactory imbalance'. Ministers reaffirmed 'their determination to work towards the removal of all barriers in the way of improved collaboration which could lead to the important goals of standardisation and inter-operability of NATO equipment'.

Ministers stated that the advanced technology of the West was recognised as one of NATO's special assets and reaffirmed the need for the Allies to exchange freely such technology among themselves, in order to make the most efficient use of its results for the benefit of the Alliance as a whole. Ministers agreed to put their views on this issue to the United States Administration.

European Community

Future arrangements for financing the European Community, the 1983 budget refund for Britain, European Union, and economic recovery were the main questions discussed by the European Council which met at Stuttgart from 17 to 19 June. Declarations on financial arrangements and other Community policies and on European Union were signed by member states.

PRIME MINISTER'S STATEMENT

Reporting to the House of Commons on 23 June (*Hansard*, Vol 44, No 6, cols 145-54), the Prime Minister, Mrs Margaret Thatcher, said that negotiations on the future financing of the Community would be started under an urgent procedure and that their result would be submitted to the next European Council meeting in Athens in December. The main issues for discussion would be 'measures to ensure greater budgetary discipline and effective control of agricultural and other Community expenditure, measures to avoid the constantly recurring problems of certain member states and to assure a more equitable sharing of the burden of financing the Community budget, and the Community's requirements in terms of own resources,[1] taking into account the accession of Spain and Portugal and future Community action in other fields'. The British Government, said Mrs Thatcher, had made it clear that it remained to be convinced that there was a case for increasing the future resources of the Community.

On Britain's budget refund for 1983, the Prime Minister said that agreement had been reached on a net payment of about £437 million. 'Consequently, the United Kingdom will have received, for the four-year period 1980 to 1983, budget refunds of more than £2,500 million – roughly two-thirds of our unadjusted net contribution.' The refund for 1983 would be incorporated in the draft Community budget for 1984.

Turning to European Union, Mrs Thatcher said that Britain strongly supported the objectives of greater political co-operation set out in the declaration and welcomed its reaffirmation of the wider objectives of the Community.

On other matters the Prime Minister pointed out that the European Council had welcomed the decision of the Council of Ministers on the reform of the European Social Fund (see pp 154-5) which would give high priority to the fight against youth unemployment. It had also called for the completion of the internal common market and for continued work to remove various forms of distortion, including trade barriers caused by differences in national standards; and had stressed the need for action to combat the pollution of the environment, notably protection of forests, reduction in lead levels, and progress towards the use of leadless petrol.

PRESIDENCY CONCLUSIONS

Referring to economic recovery, the Council requested the European Commission to prepare a detailed analysis of the nature and extent of the recovery, to make full use of Community financial instruments in a co-ordinated manner to sustain and consolidate it, and to indicate what new factors member states and the Community could bring forward to underpin it.

On youth unemployment the Council expressed profound anxiety about the fact that more than 4·5 million young people in the Community were without jobs and welcomed recent decisions made by the Council of Ministers on vocational training and on reform of the Social Fund whose resources would be directed to those countries and regions where unemployment, in particular youth unemployment, was at its highest.

The Council noted progress made in the strengthening of the internal common market, particularly on information procedures for stan-

[1]Own resources are the Community's income consisting of levies on agricultural imports, customs duties and the product of a notional rate of value added tax levied on a Community harmonised basis at a rate not exceeding 1 per cent.

dards and on company law, but regretted the lack of progress in dealing with frontier formalities. It stressed the need for priority to be given to the removal of various distortions of competition, notably differences between national standards. The Council also emphasised the importance of transport policy in completing the internal market.

Commenting on threats to the environment the Council emphasised 'the urgent necessity of accelerating and reinforcing action at national, Community and international level aimed at combating the pollution of the environment'. It underlined the acute dangers threatening European forests and welcomed a communication from the Commission stressing the need for Community and international action to take co-ordinated and effective initiatives. The Council also called for progress towards the use of leadless petrol in motor vehicles (for Britain's policy see pp 171-2).

Foreign Policy

Among foreign policy issues discussed were Poland, the Middle East, Central America, European Security and Co-operation, and the sixth United Nations Conference on Trade and Development.

On Poland the Council, referring to the visit there in June of Pope John Paul II, expressed the conviction that only a national reconciliation taking full account of the aspirations of the Polish people would lead Poland out of its grave crisis.

Member states considered that a return of full sovereignty and peace in Lebanon required the complete and prompt withdrawal of foreign forces from its territory except for those whose presence was requested by the Lebanese Government. They confirmed their full support for the Lebanese Government in its action to re-establish its authority over the whole territory of Lebanon. Welcoming the Israel-Lebanon agreement,[1] they considered that peace would not become a reality unless the security and legitimate interests of the other states and peoples of the region were taken into account. The Council stated its readiness to use all the means at its disposal to support the efforts undertaken by the parties so as to find a broader area of agreement.

On Central America, the ten member states said that its problems could not be solved by military means but 'only by a political solution springing from the region itself and respecting the principles of non-interference and inviolability of frontiers'. They emphasised the need to establish democratic conditions and to observe human rights throughout the region, and expressed readiness 'to continue contributing to the further development in the area, in order to promote progress towards stability'.

Commenting on the Madrid Conference on Security and Co-operation in Europe (CSCE), the Council reiterated its view that 'the adoption of a substantial and balanced concluding document at Madrid would . . . open the way to a conference on disarmament in Europe, give fresh impetus to the CSCE process and make a useful contribution to the improvement of East-West relations as a whole'.

[1]Signed in May 1983 but not yet implemented, the Israel-Lebanon agreement provides for the withdrawal by Israel of its armed forces from Lebanon and includes an undertaking by both countries to settle their disputes by peaceful means.

FUTURE OF THE COMMUNITY

In a separate declaration on future financial arrangements, the Council said that a major negotiation would take place in the course of the next six months 'to tackle the most pressing problems facing the Community so as to provide a solid basis for the further dynamic development of the Community over the remainder of the present decade'. This negotiation would cover future financing, the development of Community policies, enlargement, the particular budgetary problems of certain member states, and the need for greater budgetary discipline. This examination would take place with a view to modernising and making more effective existing policies, determining the priority areas for new Community action, and ensuring that policies were cost-effective; and also to achieve a more balanced and equitable solution in financial terms from the point of view of the different member states and of the Community as a whole.

Agriculture

On the Common Agricultural Policy, the Council said that although its basic principles would be preserved, it needed to be adapted to fulfil its aims in a more coherent manner. Among the questions to be considered would be price policy, intervention arrangements, internal barriers to trade, export refunds, substitutes and Community preferences, aids and premium arrangements, the type and size of farms, the need for strict financial guidelines, thresholds for guarantees, compensatory amounts, external agricultural policy, and special problems in certain regions. This examination would result 'in concrete steps compatible with market conditions being taken to ensure effective control of agricultural expenditure by making full use of available possibilities and examining all market organisations'.

Budgetary Discipline

The Council said that in order to control non-agricultural expenditure the Commission would present by August 1983 a report with proposals for increasing the effectiveness of the Community's structural funds (for example, the Regional and Social Funds). 'It will concentrate on a more consistent co-ordination of policies to avoid duplication of effort and expenditure and to achieve greater budgetary discipline.'

Community Budget

On the Community budget, the declaration stated that the objective was 'to secure the financing of Community policies and actions and their further development over a longer period of time taking into account the additional financial requirements which would flow from the accession of Spain and Portugal, while exhausting all possibilities for savings'. In addition the Council emphasised the need 'to agree measures which, taken as a whole, [would] avoid the constantly recurrent problems

between the member states over the financial consequences of the Community's budget and its financing'. On the basis of conclusions reached on the development of policies, improved budgetary discipline, and the examination of the financial system, 'the extent and timing of the Community's requirements in terms of own resources [would] be determined'.

Other Policies

The Council stressed its determination 'to develop and make more effective Community action in research, innovation and the new technologies with a view to facilitating co-operation between enterprises'. On the basis of proposals made by the Commission, decisions would be taken to improve the international competitiveness of enterprises. High priority would also be given to progress towards uniform standards, the protection of the environment, employment policy, and social policy.

Enlargement

The declaration said that the accession negotiations with Spain and Portugal would be pursued with the objective of submitting the accession Treaties for ratification at the same time as the negotiation on the future financing of the Community reaches completion.

EUROPEAN UNION

In their declaration on European Union member states confirmed their commitment to progress towards an even closer union among the peoples of the Community and reaffirmed that respect for, and maintenance of, representative democracy and human rights in each member state were essential elements of membership. In order to achieve increased solidarity and joint action, the Community required more efficient decision-making procedures, greater coherence and close co-ordination in its operations and common policies in all areas of common interest. The declaration commits its signatories to reinforce existing policies and to elaborate new ones within the framework of the Treaties, to strengthen political co-operation on foreign policy issues, to promote closer co-operation on cultural matters, and to concert action to deal with international problems of law and order, serious acts of violence and organised international crime.

The Community's Institutions

The declaration emphasises the importance of greater coherence and close co-ordination between the existing structures of the Community, and describes their functions and competence. It says that 'the application of the decision-making procedures laid down in the Treaties of Paris and Rome is of vital importance in order to improve the [Community's] capacity to act', and adds that within the Council of Ministers 'every possible means of facilitating the decision-making process will be used, including, in cases where unanimity is required, the possibility of abstaining from voting'.

[While subscribing to this section Britain and Denmark confirmed their view that 'when a member state considers its very important interests to be at stake, discussion should be continued until unanimous agreement is reached', and Greece maintained its position that 'discussion of a subject should be continued until unanimous decision is reached in cases where vital and essential national interests of a member state are at stake'. Belgium, the Federal Republic of Germany, Luxembourg, Italy and the Netherlands stated that there should be recourse to voting where the Treaties so provided. France and the Irish Republic also favoured the use of voting, 'it being accepted that voting will be postponed where one or more member states so request in order to defend an essential national interest directly related to the subject under discussion'.]

On the role of the European Parliament, which is directly elected by the peoples of the ten member states, the declaration says that, in addition to the consultation procedures provided for in the Treaties, the Council of Ministers and the Commission will continue to respond to oral or written questions from the Parliament and to resolutions on matters of major importance and general concern. The Parliament's opinion will also be sought before the conclusion of significant international agreements by the Community and before the accession of a state to the Community. Existing procedures for providing the Parliament with confidential and unofficial information on progress in negotiations are to be extended to all significant international agreements concluded by the Community. In addition the Presidency of the Council of Ministers will address the Parliament at the beginning of its six-monthly term of office and report back at the end of its term on progress achieved. An annual report will be made to the Parliament on developments in political co-operation on foreign policy issues. Before appointing the President of the Commission, the opinion of the Parliament's enlarged bureau, consisting of the leaders of the political groups and the Parliament's President and Vice-Presidents, will be sought.

Stressing the importance of the Commission as guardian of the Treaties and as a driving force in the process of European integration, the declaration confirms the value of making more frequent use of the possibility of delegating powers to the Commission within the framework of the Treaties and of the full association of the Commission with European political co-operation.

The Court of Justice also has an essential role to play in progress towards European Union by securing compliance with, and development of, Community law. The signatories agreed 'to consider on a case-by-case basis, the inclusion, as appropriate, in international conventions between member states, of a clause conferring on the Court of Justice appropriate jurisdiction with regard to the interpretation of the texts'.

Community Policies

The declaration emphasises the importance of an overall Community strategy to combat unemployment and inflation and to promote economic convergence between member states. 'Priority should be given to encouraging productive investment and raising competitiveness as a basis for

creating durable jobs, bringing about sustained economic growth and reducing unemployment.' It adds that specific action should be taken at Community and national levels to alleviate unemployment in particular by means of specific action on behalf of young people and by improved harmonisation of social security systems. (Denmark recorded a reservation on the latter point.)

Other priorities recorded by the declaration include more effective co-ordination of national economic policies, strengthening of the European Monetary System as a key element in progress towards economic and monetary union and the creation of a European Monetary Fund, the removal of remaining obstacles to the free movement of goods, capital and services, and the further development of a common transport policy.

On the Common Agricultural Policy, the declaration supports its continued development in harmony with other policies and respect for unity of the market, Community preference and financial solidarity, while taking into account 'the need to ensure a fair standard of living for the agricultural community and ... to achieve a better market equilibrium in some sectors'.

The declaration also refers to 'the development of an industrial strategy at Community level in order to strengthen industry, make it competitive and create productive jobs in Europe, in particular by encouraging investment and innovation'. Co-operation between enterprises in advanced technologies is to be strengthened by the establishment of projects of common interest, while efforts made by industry and Governments in the areas of energy and research are to be complemented by co-ordination and appropriate actions at Community level. Development of the Community's regional and social policies which implied the transfer of resources to less prosperous regions is to continue so that all Community policies and instruments can play their full role in the promotion of convergence and balanced development.

The importance of Community action geared to the specific needs of the least prosperous member states in an effort to tackle their structural problems and thereby ensure the harmonious development of the Community is also stressed.

Referring to the Community's external trade relations, the declaration says that a strengthening of its common commercial policy and the development of its external economic policy would 'give effect to its special responsibility as the principal world trader and to its commitment to a free and open trading system'. In this context, improvement and co-ordination of national and Community development co-operation policies were needed 'to reflect more fully the needs of the developing countries and the interdependence between them and Europe'.

Foreign Policy

Turning to the area of political co-operation on foreign policy, the declaration stresses that this should be reinforced by:

1 Intensified consultations to permit joint action on all major foreign policy questions of interest to member states as a whole.

2 Prior consultation with other member states in advance of the adoption of final positions on these questions and an undertaking that each member state will take full account of the positions of its partners and give due weight to the adoption and implementation of common European positions when working out national policies and taking national action.

3 Development and extension of the practice by which the views of member states are defined and consolidated in the form of common positions.

4 Co-ordination of positions of member states on the political and economic aspects of security.

5 Increased contacts with other countries to give member states greater weight as interlocutors in the foreign policy field.

6 Closer co-operation in diplomatic and administrative matters between the missions of member states in other countries.

7 The search for common positions at major international conferences attended by one or more member states and covering questions dealt with in political co-operation.

8 Increased recognition of the contribution made by the European Parliament to the development of a co-ordinated foreign policy among member states.

9 A strengthening of the Presidency's powers of initiative, of co-ordination and of representation in relations with other countries, and of its operational support.

Cultural Co-operation

The declaration stresses support for increased cultural and educational co-operation, notably through exchanges of students and teachers, the development of language teaching, improving the level of knowledge about other member states and European history and culture, the examination of the possibility of joint action to protect, promote and safeguard Europe's cultural heritage, more extensive contacts between writers and artists of the member states and wider dissemination of their works, and closer co-ordination of cultural activities in other countries.

Approximation of Laws

Referring to approximation of legislation in areas within the competence of the Community as laid down in the Treaties, the declaration says that special attention should be given to laws concerning protection of industrial and commercial property, consumer protection and company law. In other areas 'the member states will endeavour to approximate their laws ... by having recourse to the appropriate instruments, including international conventions'. In addition new activities conducive to European Union could include the introduction of legal instruments to strengthen co-operation among member states' judicial authorities concerning civil and commercial matters, suppression of infringements of Community law, and identification of certain areas of criminal and procedural law in which co-operation between member states might be desirable. (Denmark recorded reservations on the last two points.)

British Aid Policy

The importance of trade, private investment and official aid in Britain's policy on overseas development was outlined in a speech by the Minister for Overseas Development, Mr Timothy Raison, on 16 June.

Mr Raison was speaking in London at the annual general meeting of the British Chapter of the Society for International Development. The Society, established in 1957, fosters a sense of community among those engaged in development work, assists research into development problems and seeks to promote international dialogue on such issues. Most of its members are active in development work professionally, through business or study.

Trade

The most essential element of Britain's policy towards developing countries, Mr Raison emphasised, was the need to maintain an open trading environment. Britain and the European Community maintained a liberal policy towards exports from developing countries. Over 80 per cent of such exports entered Britain duty free, and developing countries had special advantages under the Community's Generalised Preferences Scheme, the Lomé Convention (see pp 322-3,1979) and other special arrangements. The open trading system provided an essential element in the progress of developing countries, not only for the newly industrialised countries, which were already established exporters of manufactured goods, but also for a larger 'second generation' of developing countries whose manufactured exports were growing at an even faster rate. These included such countries as Sri Lanka and Malaysia, which had developed industries from an extremely low base over the past decade. As the world moved out of recession, the opportunities for these and other countries to expand their economies on the basis of exports would improve.

Private Investment

The Government also attached importance to British private investment overseas and had helped this by the abolition of exchange controls (see p 338, 1979) and by the negotiation of Investment Promotion Protection Agreements, of which there were now 21. British private direct investment in developing countries totalled over £860 million in 1981, a significant sum which had also brought with it great advantages in terms of transfer of skills, management expertise and development of indigenous resources.

There was scope, Mr Raison believed, for associating official aid with the private sector to a larger degree. Official aid was not a panacea for development problems, and there was a lot to gain from making use of the expertise of the private sector, whether in the volunteer movement, in the banking sector, or in direct risk-taking investment.

Official Aid

The Government had made equally clear, however, that official aid had an essential role to play, particularly for the poorest countries. Britain's share of aid to the poorest countries was higher than that of any other major donor; and all of it was provided in the form of grants.

Compared with most other donors, Britain had a much more flexible approach to the important issue of the form of aid – that is whether it should be project aid, sector aid, technical co-operation, or programme aid. The Government was prepared to adapt the forms of aid to the current needs of the individual recipient country on the basis of discussion with its government. It also had a more open-minded approach to financing local costs and even, to a limited degree, recurrent expenditures than some other major donors.

When non-project aid was provided, Britain sought to ensure effectiveness by providing such aid in support of overall adjustment programmes agreed with the International Monetary Fund and the World Bank. Where such adjustment needed to take place over an extended period, Britain endeavoured to provide aid to specific sectors in support of their overall rehabilitation and development. Where there was a common understanding of the problems facing a sector, and the measures required to improve performance existed, its aim was to provide aid in as flexible a form as possible – for example, a mixture of spare parts, raw materials, new investment and – often most important – management and training for key institutions in the sector. This approach put a premium on steady long-term support for a sector and on careful co-ordination with the efforts of other members of the donor community.

Aid-Trade Provision

Mr Raison recognised that there was concern about the use of aid for securing commercial objectives, and noted that there had been a great increase over the past few years, as the recession had deepened, in the use of aid in the form of mixed credit or equivalent techniques. Britain's response to this situation had been twofold. First, it maintained its own Aid and Trade Provision to provide at least some opportunity to match the practices of its competitors and to enable British firms to compete on equal terms for major international contracts. Secondly, Britain had pressed strongly for greater international regulation of the whole practice of mixed credit and it welcomed the recent agreement by the OECD's Development Assistance Committee on guidelines for the control of transactions of this type. These required, for example, that such forms of finance be confined to 'priority projects and programmes which are carefully appraised against the developmental standards and criteria applicable to official development assistance programmes and which formed part of the recipient country's development programme'. Mr Raison did not expect the agreement to lead to an early reduction in the use of techniques such as mixed credit, but it would provide a basis for challenging countries which sought to use such techniques without

reference to the development justification of the activities which it supported.

Aid for the Poorest

Some people, Mr Raison noted, had argued for the setting aside of a fixed and growing proportion of the aid programme for projects designed specifically to help the poorest people. He felt, however, that this approach was too mechanistic. Each developing country had a wide variety of needs, amongst which was the need to improve the conditions of its poorest people. This had also to be one of Britain's aims, but in determining its priorities the Government needed to pay attention to the views of recipient governments and to consider the areas where Britain had most to offer. The effectiveness of British aid in promoting the long-term overall economic and social development of the recipient country had to be the principal criterion. Within this,- however, Britain recognised that there were projects which would both provide direct benefits for the poorest and foster economic and social development, and it was ready to support such poverty-focused programmes.

Voluntary Organisations

Paying tribute to the work of British volunteers and voluntary agencies, who were able to operate in areas where aid through official channels could not be as effective, Mr Raison said the Government had increased its financial contribution to the British Volunteer Programme,[1] and reaffirmed its support for the Programme's current work and that of other voluntary agencies. He continued: 'We believe that the tapping of British voluntary efforts provides a special dimension to our aid programme which responds in a particularly direct way to the need for high quality in our aid programme.'

International Co-operation

Turning to international aspects of aid policy, Mr Raison said that the Government continued to give full support to the Commonwealth, which its 1980 aid policy statement (pp 357-8, 1980) had recognised should have a special place in the allocation of British aid. At present, about three-quarters of Britain's bilateral aid went to Commonwealth members. Britain had also played a constructive part in various initiatives to develop the Commonwealth's own very effective technical co-operation activities.

Britain intended to play an active and constructive part at the United Nations, and in this context had carefully reviewed its various multilateral aid contributions. Britain continued to support such key institutions as the UN Children's Fund, which had a distinguished record of concern for the poorest, and had increased its assistance to the UN Fund for Population Activities and to other programmes in the population field. It also continued to support the UN High Commission for Refugees and the UN Relief and Works Agency for Palestinian Refugees whose work in the Middle East was of vital importance; and to respond as best as it could to appeals by bodies such as the International Committee of the Red Cross for emergency relief.

Britain had played an important part in the international response to the difficulties caused for the International Development Association (IDA) by the United States' not meeting its commitment under the IDA's sixth replenishment. Britain had taken the lead among major donors in waiving its right to have its contribution committed at the slow rate implied by the American difficulties. It had also co-operated in securing a special arrangement to enable IDA commitments to be maintained in fiscal year 1984 (see footnote, p 288, 1982). Negotiations on the seventh replenishment were expected to begin in the near future, and Britain intended to play a positive part in securing the future of this essential element of the world development system.

The European Community aspect of Britain's aid programme, Mr Raison continued, had increased in importance in recent years. Britain's concern for quality and effectiveness of aid was as active here as in other aspects of the aid programme, and the renegotiation of the Lomé Convention, due to start in September, offered an opportunity to review the Community's development policy in this respect. Lomé constituted the Community's major aid and trade agreement with the developing world and Britain wanted to see the negotiations succeed. Nonetheless, there was plenty of scope for improving the effectiveness of Community aid. For its part, Britain had suggested the inclusion of a 'Food Chapter' in the new Convention to ensure better integration of all forms of Community aid with priority to self-reliance in food production, though there would still be a role for food aid.

[1] Government support for the British Volunteer Programme increased by 28 per cent in 1982-83 to total £4,131,000, and is planned to rise by a further 18 per cent in 1983-84 to total £4,864,000.

Shorter Notes

FALKLAND ISLANDS

The Government has decided to construct a new strategic airfield on the Falkland Islands. Giving details in the House of Commons on 27 June (*Hansard*, Vol 44, No 8, cols 345-51), the Secretary of State for Defence, Mr Michael Heseltine, said that the defence of the Islands, the support of the British garrison and its reinforcement in the event of an emergency depended on permanent and improved airfield facilities. The existing airfield at RAF Stanley was temporary and operations were restricted by the length and strength of its single runway.

Mr Heseltine said that the new airfield, to be built at Mount Pleasant (some 30 miles to the west of Stanley), would be able to operate civil and military wide-bodied aircraft, would enable Britain to make savings in the running costs of supporting the garrison, would greatly reduce the amount of time needed to reinforce the garrison, and would give a powerful boost to the Islands' economy and infrastructure. The value of the work

would be about £190 million with another £25 million being allocated to build a road between the airfield and Port Stanley and to install government-furnished communication and navigation aids. Work on the site would begin in the autumn of 1983 (the Falklands spring), and the whole complex would be complete by about February 1986.

AFRICAN DEVELOPMENT BANK

Britain has become a non-regional member of the African Development Bank. This follows the Bank's decision, effective from May 1982, to open its capital stock to non-regional states. The Bank now has 50 regional and 17 non-regional members.

The Bank was set up in 1963 to contribute to the economic development and social progress of its regional members through financing investment projects and programmes and by promoting private and public investment for these purposes. Membership was originally restricted to African countries, but since 1973 Britain, along with other donor countries, has been a member of the associated African Development Fund which provides finance on concessional terms to regional members of the Bank. The Bank's Board of Governors agreed in 1979 to allow non-regional countries to become members and to increase the capital stock of the Bank to the equivalent of about $6,110 million.

Britain has taken up 7,524 shares at a cost of some £44·1 million. Of these 1,881 (£11 million) will be paid in in five annual instalments and 5,643 (£33 million) will be callable. This shareholding represents about 4·3 per cent of the non-regional shareholding and 1·4 per cent of the total shares.

Britain has committed £55 million to the African Development Fund since its inception in 1973, including £24 million to the third replenishment agreed in 1982 (see pp 245-6, 1982). Of the total nearly £11 million had been spent by the end of May 1983.

Source: Overseas Development Administration press release, 14.6.83.

ECONOMIC AND SCIENTIFIC AFFAIRS

The Economy

Monetary restraint and the containment of public expenditure and borrowing remain central elements in the Government's financial strategy. The new Chancellor of the Exchequer, Mr Nigel Lawson, said in the House of Commons on 29 June that the Government was committed to a strengthening of market forces, further trade union reform and increased privatisation, as well as lower inflation and improved productivity – conditions necessary for a lasting reduction in unemployment. The latest evidence suggested a rise in national output of up to 2·5 per cent in 1983 instead of the 2 per cent predicted at the time of the Budget, while government borrowing in relation to output was among the lowest in the industrialised world. In order to curb excessive public expenditure, the Chancellor announced on 7 July measures designed to bring spending in 1983-84 within the prescribed limits. On 14 July, a new, short Finance Bill, restoring the main proposals for tax reductions which, with the announcement of a general election, had been taken out of the original Bill published at the end of March, received its third reading in the House of Commons.[1]

Economic Objectives

Speaking about the economy and unemployment on the sixth day of the debate on the Queen's speech (*Hansard*, Vol 44, No 10, cols 587-97), the Chancellor told the House that the Government's economic objectives had not changed in any way since it had first taken office. 'Our sights are set on sustainable non-inflationary growth. Our resolution to achieve that objective is unwavering. Our policies have been consistent with achieving it, and they are proving successful.'

The heart of the Government's approach would, as before, be the medium-term financial strategy (see p 113, 1980). The Government would continue its efforts to bring about a more dynamic economy – by introducing competition into new areas, by improving the working of markets and by encouraging the development of a more flexible and responsive economy. Reinvigorating the supply side was an essential complement to the Government's financial policies if there were to be an increase in output.

[1]*Hansard*, Vol 45, No 21, cols 1076-81.

Central to the financial strategy was continued downward pressure on the rate of monetary growth and public sector borrowing as a proportion of output. 'Monetary and fiscal policy have to go hand in hand.' The strategy had been extended to embrace narrow as well as broad monetary aggregates in assessing the rate of growth of the money supply; the behaviour of other financial indicators, such as the exchange rate, had also been taken into account. However, 'the substance remains unchanged: to maintain the general thrust of a monetary policy designed to reduce inflation'.

Mr Lawson said that 'one of the outstanding achievements of the last four years' had been a change in expectations, leading to 'a climate of realism and common sense at all levels of industry'. With inflation at its lowest level for 15 years (3·7 per cent in the 12 months to May), there was enough scope in the financial strategy for a substantial recovery in both output and employment. He expressed his intention 'to maintain rigorous control of public sector borrowing as an essential ingredient in providing the right balance between fiscal and monetary policy, with all that implies for interest rates and the health of the economy as a whole'.

Public Expenditure

The published plans for public expenditure over the next three years (see pp 59–63) would mean a high proportion of the nation's wealth passing into the hands of Government, either for final consumption by the public sector or for redistribution as cash transfers. Both placed heavy demands on public finance and so, in extending the financial strategy towards the end of the present Parliament and beyond, the Government would be seeking ways of reducing still further the proportion of public expenditure in gross domestic product (GDP). The Government's 'firm intention' to keep tight control of expenditure and borrowing made the Chancellor confident of making further tax cuts.

[On 7 July the Chancellor announced in the House of Commons (*Hansard*, Vol 45, No 16, col 418) that adjustments would be made to public expenditure in the 1983-84 year to bring it within the planning total of just under £120,000 million given in the White Paper in February. The total impact of the measures would be to reduce public expenditure in 1983-84 by over £1,000 million. Mr Lawson stressed that they did not imply any reduction in the total given in February but were

merely designed to bring spending more into line with that figure. The Government was determined that unplanned overspending would not deflect from its objectives of low inflation and quickening economic recovery.

First, cash limits would be reduced, leading to a cut of 1 per cent in the allocation for pay and administration of central government and one of 2 per cent in other allocations; the external financing limits of nationalised industries would be reduced by 2 per cent. The effect of these measures would be to reduce overspending by at least £500 million. Secondly, asset sales in 1983-84 would be raised by £500 million. Finally, there would be improvements in expenditure control; in particular, some flexibility of end-year cash limits would be introduced so that underspending on central government capital programmes in one year would permit higher spending in the next. The likely effect, 'by reducing the end-year surge', would be to cut expenditure in 1983-84 by some £100 million.]

Pay and Prices

Mr Lawson went on to say that the Government did not want to finance inflation in either the public or private sector. After decades of excessive pay awards leading to higher prices, Britain now had 'a framework that encourages realism in pay bargaining and in industrial relations more generally'. Rates of monetary growth in the financial strategy had been set at levels that provided room for substantial growth of output and employment if inflation continued to moderate.

The Chancellor admitted that inflation, which had been reduced to its present low level without any resort to wage or price controls, might show a temporary rise to an annual rate of 5 or 6 per cent by the end of the year. There would, however, be no sudden resurgence: 'the underlying trend has been firmly downwards since 1980 and we intend to keep it that way'.

Interest Rates and Borrowing

Sound monetary conditions, together with firm control of borrowing, had enabled falling inflation to be accompanied by lower interest rates. Short-term rates were nearly seven percentage points lower than in the autumn of 1981, substantially easing the financial position of the Government. Every percentage point fall was generally regarded as reducing industrial costs by £250-£300 million a year.

Government borrowing in relation to national output, among the highest in the industrialised world four years previously, was now one of the lowest; the Government aimed to maintain this.

Economic Recovery

Industrial productivity had increased considerably, even during the recession, and was set to go on rising. Reducing unemployment – 'a prime objective' of the Government – meant that the present recovery had to be a lasting one. Recent figures pointed to an improved business climate and increases in industrial profits and GDP. Mr Lawson felt that, on the basis of the latest evidence, the Budget forecast of a 2 per cent rise in national output in 1983 should be raised to up to 2·5 per cent.

The next step was to ensure that the recovery deepened and spread more evenly throughout the economy and the country. Other nations faced the same task, with many of the world's economies, both developed and developing, 'convalescing after the fever of inflation suffered over the past decade or more'. They needed time to complete the restructuring of their economies and to rebuild their productive capacity, avoiding, above all, a relapse into renewed inflation and rising interest rates. This was why, at the Williamsburg economic summit (see pp 193-4), the participants had pledged themselves unanimously to continue with disciplined non-inflationary monetary growth and the reduction of structural budget deficits. Although the main burden of adjustment lay with individual countries, Britain attached importance to working together with its partners in the International Monetary Fund for the achievement of non-inflationary growth and the maintenance of a stable world monetary system.

Ending of Controls

In order to achieve sustainable growth, lower inflation had to be combined with a strengthening of market forces – increased efficiency, more competitiveness and a greater regard for enterprise and self-reliance. The Government had a vital role to play in two areas: first, in setting the legislative and fiscal context for business; and, secondly, in its role (with that of local government) as the employer of 15 per cent of the labour force. Great changes had been made in the previous four years but still more needed to be done. The Government had abolished a whole range of controls – those on foreign exchange dealings (see p 162, 1980), prices (see pp 162-3, 1979), dividends (see p 196, 1979), pay and hire purchase transactions (see p 274, 1982). 'For the first time for many years, large and small firms are being allowed to breathe again, free from the choking effect of bureaucracy.' In the field of taxation alone the Government had reduced the National Insurance surcharge to 1 per cent (see p 132), improved stock relief and reduced corporation tax for small companies (see p 133).

Trade Union Reform

On trade union reform, the Government had already legislated on the closed shop, picketing and abuses of union power (see pp 78-80, 1982, and p 240). There was a need to give trade unionists their proper rights and influence over the actions of their unions; accordingly, the Government would introduce legislation to provide for secret ballots on three key issues – the election of trade union executives, the calling of strikes or other industrial action and periodic authorisation of political funds (see pp 65-7).

Privatisation

The Chancellor went on to tell the House that many businesses in the state sector had no place there. Some companies had returned to 'the free enterprise sector to which they belong and where they can flourish'. They included Britoil (see pp

364-5, 1982), Amersham International (see pp 130-1, 1982), British Aerospace (see pp 380-2, 1979), the National Freight Company (see pp 341-2, 1981) and Cable and Wireless (see pp 344-5, 1981); all were succeeding. Privatisation led to enhanced competition and efficiency and improved quality and service to the customer. By the end of the Government's second term of office many more state-owned businesses would have returned to the private sector.

Unemployment

Turning to the 'distressingly high' level of unemployment, Mr Lawson said that no one in the House would dispute the need to tackle the problem. The Government was spending some £2,000 million in 1983-84 on special employment and training measures (see p 399, 1982). However, a lasting reduction in unemployment required a fall in inflation and an improvement in productivity. 'It is precisely because the Government are so concerned about unemployment that we are determined to go on doing just that. Our employment policy is a positive one which aims to create a climate in which jobs will take root and flourish . . . A sustainable increase in jobs depends upon sound money, low inflation and greater efficiency. That will be my objective as Chancellor.'

Shorter Notes

GEOTHERMAL ENERGY

The Government is to provide nearly £11 million over the three years 1983 to 1986 for the next stage of a project to extract heat from hot dry rocks deep below the earth's surface. Britain has invested more than £10 million in this resource since work began in 1977 under the Department of Energy's renewable energy research and development programme.

The aim of the Department's hot dry rock programme is to develop a means of extracting energy from naturally hot impermeable rocks at depths between 4,000 and 8,000 metres. Heat held in rocks at these depths is estimated to be equivalent to 10 million million tonnes of coal, and potential exploitable reserves are estimated to be equivalent to 10,000 million tonnes of coal. It is thought that the exploitable hot dry rock resources in Britain could be used to generate at least 2,500 terawatt-hours (million million watt-hours) of electricity – representing about 10 years' current consumption. The technique being pioneered by the Camborne School of Mines (in Cornwall) to exploit this potential heat source involves creating a network of rock fractures between boreholes. Water is pumped down through one hole, forced through the cracks in the rock where it heats up, and then returns to the surface as heated water or steam. The main uses envisaged for energy from hot dry rock schemes are electricity generation, combined heat and power schemes (see p 172, 1980) and the direct use of heat, for example, in industrial processing.

Announcing the additional finance on 28 June, the Secretary of State for Energy, Mr Peter Walker, said that the funds would be allocated from the Department of Energy's non-nuclear research and development budget (see also p 328, 1982) to further research by the Camborne School of Mines at its existing site at Rosemanowes quarry, near Falmouth (Cornwall). Some £1·5 million would also be allocated to related background studies by the Institute of Geological Sciences. Mr Walker said that results from major experiments carried out over the past three years at a depth of about 2,000 metres had been encouraging but that further research was required to prove the practicability of the technique. The next phase of research would involve drilling a deeper hole to make a connection from below with a large reservoir of fractured hot rock already created around an existing pair of holes. Mr Walker said that heat extraction by circulating water from the surface through such fractured rock would, if it could be accomplished economically, give access to a major new energy source spread widely across Britain.

Source: *Hansard,* Vol 44, No 9, written answers, cols 46-7.

PRIVATE SECTOR STEEL SCHEME

An expansion of the Private Sector Steel Scheme, which offers assistance of 85 per cent towards redundancy payments and 25 per cent towards other costs of rationalisation and closure (see p 28, 1982), was announced by the Minister of State for Industry, Mr Norman Lamont, on 30 June. The Government is now prepared to offer assistance above the 25 per cent level for these other costs in cases where companies considering capacity reductions cannot afford the costs of rationalisation. Where there are no rationalisation costs arising from closures the level of assistance will remain at 25 per cent.

Mr Lamont also announced that projects which will be 'at least substantially completed' by 30 September 1984 will qualify for assistance in making capacity reductions (the former provisions applied only to applications received by 25 September 1982). The deadline for all applications under the scheme – for assistance towards redundancy payments as well as towards capacity reductions – is 30 June 1984 (earlier if funds are exhausted).

Sources: *Hansard,* Vol 44, No 11, written answers, cols 151-2; Department of Trade and Industry press notice, 30.6.83.

SOCIAL AND CULTURAL AFFAIRS

Social Security Benefits

Most social security benefits will rise in November by 3·7 per cent following the Government's annual benefit uprating. The increases will reflect the rise in the general level of prices over the year up to 31 May 1983. Larger increases are being made in certain important benefits: child benefit and one-parent benefit, for example, will increase by 11 per cent to reach their highest-ever level in real terms.

Details of the new benefit rates and other changes were announced in the House of Commons on 23 June by the Secretary of State for Social Services, Mr Norman Fowler (*Hansard*, Vol 44, No 6, cols 162–73). The range of measures, said Mr Fowler, would give particular help to families with children and to those on the lowest incomes including the elderly. It would also give encouragement to those who were trying to make personal provision beyond the help which the State provides. Taken together with the Government's achievement on inflation it demonstrated a commitment to protect the standard of living of the most vulnerable groups in the country.

The method of calculating the annual uprating has been changed following the enactment in May of the Social Security and Housing Benefits Act 1983. The uprating now reflects the movement in the general level of prices in the 12 months up to 31 May. In previous years, the increase had been based on a forecast of the rise in prices for the year since the previous November increase. The new method is considered to be a more accurate measure of the real level of price increases.

The main points of Mr Fowler's statement are described below. Details of current and proposed benefit rates – the latter are subject to parliamentary approval – are also given.

MINISTER'S STATEMENT

Increased Rates

Mr Fowler listed five main groups who will be given particular help by the uprating:

Retirement Pensioners

The standard basic rate of pension will go up from £32·85 a week to £34·05 for a single person and from £52·55 to £54·50 for a married couple. The earnings limit for retirement pensioners will be increased by 14 per cent from £57 to £65. [The earnings limit is the amount a pensioner may earn without the pension being affected; if more is earned the pension is reduced on a sliding scale. The rule does not apply to women aged 65 and over and men aged 70 and over.]

Pensioners and Others on Low Incomes

The long-term supplementary benefits scale rates will go up by 4·3 per cent from £32·70 a week to £34·10 for a single householder, and from £52·30 to £54·55 for a married couple. These rates will now go automatically to all claimants over the age of 60. The ordinary scale rate for those under 60 will also go up by 4·3 per cent. The capital limits for supplementary benefit [the amount of capital a claimant may own without affecting his or her entitlement to the benefit] will be increased from £2,500 to £3,000. Housing costs for those on supplementary benefit will continue to be met separately, and normally in full. There will also be increases in housing benefit needs allowances, and supplementary benefit heating additions for those with special heating needs. Total spending on help with special heating needs will rise to a record level of well over £350 million a year.

Families

Child benefit will increase by 11 per cent from £5·85 a week to £6·50 and one-parent benefit will also go up by the same percentage from £3·65 to £4·05. The supplementary benefit scale rates for children will go up by 4·3 per cent and for families in full-time work the family income supplement limits are being raised so that the prescribed amount is increased from £82·50 to £85·50.

The Unemployed

The standard rates of unemployment benefit will go up by over 8 per cent to £27·05 a week for a single person, and to £43·75 for a married couple. Unemployed men over 60 can now qualify for the long-term rate of supplementary benefit.

Disabled People

From November disabled people under 60 will be able to qualify for the long-term rate of supplementary benefit after one year's receipt of a long-term incapacity benefit. This will be worth up to £7·30 extra for a single householder and up to £11·05 a week for a married couple. Mobility allowance, which helps to pay the transport costs

of physically disabled people aged between 5 and 65 who are unable, or virtually unable, to walk, will go up from £18·30 to £19·00 a week, and a new mobility supplement for war pensioners with special mobility needs will initially be set at a rate of £21·15 a week. The therapeutic earnings limit [the amount that a person receiving a long-term incapacity benefit may earn without affecting his or her entitlement to the benefit] will go up from £20 to £22·50 a week. The rates of other disability benefits will go up by 3·7 per cent.

Social Security Expenditure

The total cost of the uprating will be some £1,500 million a year and will bring the total social security budget for 1983–84 to £35,000 million.

BENEFIT RATES

Main Contributory and Non-Contributory Benefits

The payment of some benefits – such as retirement, or widow's and invalidity pensions and sickness and unemployment benefit – depends on contributions paid under the National Insurance scheme. Other benefits do not depend upon contributions: the main one is child benefit, but there are also a number providing special help, for example, for disabled people.

	Existing weekly rate £	*Proposed weekly rate* £
Child benefit		
Each child	5·85	6·50
One-parent benefit		
First or only child of certain lone persons	3·65	4·05
Standard rate of retirement[1] and widow's pensions, and widowed mother's allowance		
Single person	32·85	34·05
Wife or other adult dependant	19·70	20·45
Earnings limit for retirement pensioners	57·00	65·00
Standard rate of invalidity pension		
Single person	31·45	32·60
Wife or other adult dependant	18·85	19·55
Invalidity allowance		
Higher rate	6·90	7·15
Middle rate	4·40	4·60
Lower rate	2·20	2·30
Standard rate of unemployment benefit		
Beneficiary under pension age		
Single person	25·00	27·05
Wife or other adult dependant	15·45	16·70
Beneficiary over pension age		
Single person	31·45	34·05
Wife or other adult dependant	18·85	20·45
Standard rate of sickness benefit		
Beneficiary under pension age		
Single person	25·00	25·95
Wife or other adult dependant	15·45	16·00
Beneficiary over pension age		
Single person	31·45	32·60
Wife or other adult dependant	18·85	19·55
Widow's allowance (first 26 weeks of widowhood)	45·95	47·65
Maternity allowance	25·00	25·95
Attendance allowance		
Higher rate	26·25	27·20
Lower rate	17·50	18·15
Retirement pension for persons over pensionable age on 5 July 1948 and for persons over 80[1]		
Higher rate	19·70	20·45
Lower rate	11·80	12·25
Non-contributory invalidity pension	19·70	20·45
'Therapeutic' earnings	20·00	22·50
Invalid care allowance	19·70	20·45
Increase of non-contributory invalidity pension and invalid care allowance for a wife or other adult dependant	11·80	12·25
Mobility allowance	18·30	19·00
Guardian's allowance, child's special allowance	7·95	7·60[2]
Rate of benefit for children of widows, invalidity, non-contributory invalidity and retirement pensioners, invalid care beneficiaries; unemployment and sickness beneficiaries when claimant is over pension age	7·95	7·60[2]
Rate of benefit for children of all other beneficiaries	0·30	0·15[2]

[1]An age addition of 25p is payable to retirement pensioners who are aged 80 or over.

Industrial Injuries Benefits

Industrial injuries benefits are payable to employed people who suffer injuries caused by an accident

	Existing weekly rate £	*Proposed weekly rate* £
Disablement benefit (100 per cent assessment)[3]	53·60	55·60
Unemployability supplement[4,5]	31·45	32·60
Special hardship allowance (maximum)	21·44	22·24
Constant attendance allowance (normal maximum), exceptionally severe disablement allowance	21·50	22·30
Industrial death benefit		
Widow's pension during the first 26 weeks of widowhood	45·95	47·65
Higher permanent rate	33·40	34·60
Lower permanent rate	9·86	10·22

[1]An age addition of 25p is payable to retirement pensioners who are aged 80 or over.

[2]The increase in child benefit compensates for the reduction in these benefits.

[3]The rates for beneficiaries not over the age of 18 will also be increased.

[4]Invalidity allowances and increases for adult dependants and children will be the same as those payable with invalidity pensions.

[5]The amount of earnings permitted with unemployability supplement will also be increased.

at work or from a prescribed industrial disease contracted there. Disablement benefit is usually paid after a qualifying period of 15 weeks if there is a loss of physical or mental faculty. (During the qualifying period sick pay or sickness benefit is payable.)

Main Supplementary Benefits

Supplementary benefits are payable to people who are not in full-time work and whose financial resources fall below a certain level. The amounts shown below are the weekly levels laid down for the requirements of married couples, single householders and others. Benefit awarded is the difference between resources and these requirements. The long-term rates apply to claimants over 60, most disabled people, and to those people below the age of 60 who have received supplementary benefit continuously for two years, provided that the award has not been subject to the condition of registering for employment.

	Existing weekly rate £	*Proposed weekly rate* £
Ordinary rate		
Couple	41·70	43·50
Person living alone	25·70	26·80
Non-householder aged:		
18 and over	20·55	21·45
16-17 years	15·80	16·50
Any other person aged:		
11-15 years	13·15	13·70
Under 11 years	8·75	9·15
Long-term rate		
Couple	52·30	54·55
Person living alone	32·70	34·10
Non-householder aged:		
18 and over	26·15	27·25
16-17 years	20·05	20·90
Boarder's personal expenses		
Ordinary:		
Couple	17·00	17·70
Single	8·50	8·85
Long-term:		
Couple	18·90	19·70
Single	9·45	9·85
Heating additions to supplementary benefit		
Lower rate	1·90	2·05
Higher rate	4·65	5·05
Central heating additions		
Lower rate	1·90	2·05
Higher rate	3·80	4·10
Estate rate heating additions		
Lower rate	3·80	4·10
Higher rate	7·60	8·20

Family Income Supplement

Family income supplement is a benefit for families with small incomes where the head of the household is in full-time work and where there is at least one dependant child. It is payable when the gross weekly income of the family falls below a prescribed amount. The amount varies according to the number of children in the family, but is the same for single parents and two-parent families. 'Full-time work' means, for the purposes of this benefit, work of at least 30 hours a week for two-parent families or 24 hours a week for one-parent families.

	Existing weekly level £	*Proposed weekly level* £
Family income supplement:		
Prescribed amount for family with one child (income below which family income supplement is payable)	82·50	85·50
Increase in prescribed amount for each additional child	9·00	9·50
Maximum weekly amount for a one-child family	21·00	22·00
Increase in maximum amount for each additional child	2·00	No change

Main War Pensions

War pensions are payable to people disabled as a result of service in the armed forces, to people disabled from injuries in the Merchant Navy or Civil Defence during wartime, or to civilians injured by enemy action.

All ranks received the same increases, officers' rates being expressed in pounds per annum.

	Existing weekly rate £	*Proposed weekly rate* £
Disablement benefits		
Disablement pension for private at 100 per cent rate	53·60	55·60
Age allowance with assessments of:		
40 to 50 per cent	3·70	3·85
Over 50 and not exceeding 70 per cent	5·85	6·05
Over 70 and not exceeding 90 per cent	8·35	8·65
Over 90 per cent	11·70	12·10
Unemployability allowances		
Personal allowance	34·85	36·15
Increase for wife or other adult dependant	19·70	20·45
Increase for child	7·95	7·60
Constant attendance allowance		
Special maximum	43·00	44·60
Special intermediate	32·25	33·45
Normal maximum	21·50	22·30
Half- and quarter-day	10·75	11·15
Comforts allowance		
Higher rate	9·30	9·60
Lower rate	4·65	4·80
Mobility supplement	–	21·15
Allowance for lowered standard of occupation (maximum)	21·44	22·24
Exceptionally severe disablement allowance	21·50	22·30
Severe disablement occupational allowance	10·75	11·15
Clothing allowance		
Higher rate	72·00	75·00
Lower rate	46·00	48·00

	Existing weekly rate £	*Proposed weekly rate* £
Death benefits		
Widow's pension (private's widow)		
Standard rate	42·70	44·25
Childless widow under 40	9·86	10·22
Rent allowance (maximum)	16·25	16·85
Age allowance for elderly widows		
Ages 65-69	4·15	4·30
Age 70 and over	8·30	8·60
Adult orphans	32·85	34·05

Housing benefit

Housing benefit, introduced under the Social Security and Housing Benefits Act 1982, is available to claimants needing help with housing costs. The needs allowances are the weekly levels laid down for claimants' housing and living requirements. Administered by local authorities, this single benefit replaces supplementary benefit payments made towards rents and rates, and local authority rebates and allowances.

	Existing weekly rate £	*Proposed weekly rate* £
Needs allowances		
single person	41·40	43·05
couple/single parent	61·00	63·50
single handicapped person	46·15	48·00
couple (one handicapped) or single handicapped parent	65·75	68·45
couple (both handicapped)	68·00	70·80
dependent child addition[1]	11·40	11·90

The National Health Service

The framework for the future development of the National Health Service was discussed in a speech on 24 June by the Secretary of State for Social Services, Mr Norman Fowler. The Government, he said, was committed to the Service as the central component in the broad partnership of all those seeking to provide care. It was determined to make the quality and quantity of the care delivered to patients the basic criterion by which the Service's success should be judged, and was dedicated to maintaining the soundly based economic revival required to provide the resources for the nation's social services. The Secretary of State has also confirmed the Government's policy of redistributing resources between regions in order to reduce inequalities of provision.

Speaking to the National Association of Health Authorities in Harrogate, Mr Fowler said that he wished to describe the kind of climate in which the Health Service would be operating in future years, and the kinds of objectives which should be set for it. The main aim was to provide the best possible quality of service to all those in need of care in the most efficient and effective way possible. Another objective was to build on what had already begun to be achieved in recent years – a deeper and more constructive partnership between all those involved in providing care. In that partnership the National Health Service held the central and dominant position. It was indispensable to the provision of health care in Britain, and would continue to be so. The Government was also committed to the present system of financing the Service by taxation. The Service, would, however, need to adapt to changing circumstances and be flexible in seizing the opportunities provided by expanding medical knowledge and adopting new approaches to management and administration. The most efficient way of spending new resources had to be found, but also ways of getting better value for money from existing spending programmes. The provision of extra money should not be the main measure of success. The most important criterion was the quantity and quality of service provided to patients. The improvements that had been achieved in recent years against the background of the severest world recession since 1945 were a remarkable achievement.

The Economic Context

The Health Service, continued Mr Fowler, could not exist, still less expand, in isolation from the rest of the economy. Publicly funded social services depended ultimately on the ability of private industry and commerce to compete effectively in world markets, and thus to generate new resources for the public sector. Aspirations for the Health Service had to be seen in a wider economic context. The Government would therefore continue to adhere to the principles of sound economics. At a time of growing demand for care the economic climate would inevitably restrict the Government's ambitions. A major responsibility of management was to choose priorities within the available resources and to try new methods where they were indicated. The National Health Service must continue to evolve to meet the changing pressures and requirements made of it; this meant having the capacity to change current practices into experiment and to develop new patterns of provision.

In a parliamentary reply on 30 June (*Hansard*, Vol 44, No 11, written answers, cols 135-8) Mr Fowler announced that the National Health Service should plan for the next ten years on the basis of assumptions that financial resources for hospital and community health services would grow in real terms at a rate of some 0·5 per cent a year. These long-term planning assumptions were not a firm forecast, but were designed to give health authorities a sensible basis for long-term strategic planning. The Government also reaffirmed its policy of redistributing resources in order to steadily reduce the inequalities between regions which had persisted since the setting-up of the Service.

[1]From April 1984 this addition will increase to £12·90.

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